



# ***Daily Report***

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## **China**

FBIS-CHI-91-149  
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2 August 1991

# Daily Report

## China

FBIS-CHI-91-149

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2 August 1991

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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## General

### More Foreign Leaders Send Messages on Flooding

OW0208113791 Beijing XINHUA Domestic Service  
in Chinese 1252 GMT 31 Jul 91

["Some Foreign State Leaders Express Sympathy and Solicitude for the Flood Disaster in Our Country"—XINHUA headline]

[Text] Beijing, 31 Jul (XINHUA)—Recently, the leaders and ministers of some more foreign countries sent cables and letters to President Yang Shangkun, Premier Li Peng, and Foreign Minister Qian Qichen to express their profound sympathy and solicitude for some areas in our country which are suffering from serious flood disasters at the moment. They are:

Aylwin Azocar, president of Chile;  
Rawlings, head of state of Ghana;  
Conte, head of state of Guinea;  
Gayoom, president of Maldives;  
Toure, chief of state of Mali;  
Oltor, president of the Federated States of Micronesia;  
Diouf, president of Senegal;  
Mwinyi, president of Tanzania;  
Wangchuck, king of Bhutan;  
Veiga, prime minister of Cape Verde;  
Roman, prime minister of Romania;  
Fonseca, foreign minister of Cape Verde; and  
Sidibe, foreign minister of Mali.

### Further on U.S.-USSR Moscow Summit, Results

#### Statement on Central America

OW0108203291 Beijing XINHUA in English  
1823 GMT 1 Aug 91

[Text] Moscow, August 1 (XINHUA)—U.S. Secretary of State James Baker and Soviet Foreign Minister Aleksandr Bessmertnykh today called for an intensified effort to bring peace to El Salvador.

In a joint statement, released at the end of the U.S.-Soviet summit, Baker and Bessmertnykh called on "the United Nations and other international organizations, as well as countries outside the region, including Cuba, to intensify their efforts to resolve the remaining political issues, secure a cease-fire and final peace settlement in El Salvador."

The two foreign ministers said "an end to the conflict in El Salvador will contribute to economic development in Central America and help remove the remaining sources of tension in the Caribbean Basin region, thereby contributing to the further peaceful integration of Latin America."

The United Nations last week sent an observer mission to San Salvador to help negotiate an end to El Salvador's 11-year-old civil war between the government and guerrillas.

Baker and Bessmertnykh also strongly supported active involvement by Colombia, Mexico, Venezuela and Spain in the Central American peace process.

They welcomed "the positive trends in Central America to settle regional disputes at the negotiating table and ease tensions through national reconciliation," including the end of Nicaragua's conflict and the launching of a dialogue between the Government of Guatemala and guerrillas.

The two foreign ministers said "Soviet-U.S. cooperation in Central America and adjacent areas has contributed to stability in Latin America."

### Bush Speaks in Kiev

OW0108202491 Beijing XINHUA in English  
1642 GMT 1 Aug 91

[Text] Moscow, August 1 (XINHUA)—U.S. President George Bush told the Ukrainian parliament today the United States wanted to extend and improve its relationship with Soviet republics while not undermining the position of the Soviet central government and its President Mikhail Gorbachev.

In an address to the Ukrainian legislature, Bush praised Gorbachev for his achievements in Soviet reforms "toward the goals of freedom, democracy and economic liberty."

"We will maintain the strongest possible relationship with the Soviet Government of President Gorbachev," Bush said, adding the United States also "want good relations, improved relations, with the republics."

While alleging not to meddle the Soviet internal affairs, Bush said the United States will support "those who want to build democracy" in the Soviet Union, and will not "choose between supporting President Gorbachev and supporting independence-minded leaders throughout the U.S.S.R."

Bush warned the Soviet republics against "the suicidal course of isolation" and urged them to embrace Gorbachev's Union Treaty for holding together the fractured country.

Bush said he came to the Ukraine to tell that "we support the struggle in this great country for democracy and economic reform."

"Americans will not support those who seek independence in order to replace a far-off tyranny with a local despotism," Bush said. "They will not aid those who promote a suicidal nationalism based upon ethnic hatred."

In the audience in the wood-paneled legislative hall were some members of the clergy and some U.S. businessmen.

The 450-member Ukrainian legislature is deeply divided over Gorbachev's Union Treaty, with a Communist majority supporting Gorbachev and a 130-member opposition against him, and had delayed a vote until September at the earliest.

Bush arrived in Kiev this afternoon, his only stop outside Moscow before returning to Washington late tonight.

During his five-hour visit to Kiev, Bush also placed a wreath at the Babiy Yar Holocaust Monument, commemorating the tens of thousands of Soviet Jews massacred by Nazi soldiers in 1941.

### **Bush Leaves Ukraine**

*OW0108204391 Beijing XINHUA in English  
1854 GMT 1 Aug 91*

[Text] Moscow, August 1 (XINHUA)—U.S. President George Bush left the Ukrainian capital Kiev for Washington today after winding up a three-day visit to the Soviet Union.

During his stay, Bush and Soviet President Mikhail Gorbachev held two rounds of summit meetings and signed the Strategic Arms Reduction Treaty on Wednesday.

Bush arrived in Kiev today and addressed Ukrainian parliament on U.S. relations with the Soviet central government and republics.

Bush was seen off at Borispol Airport by Soviet Vice-President Gennadiy Yanayev, Ukrainian Supreme Soviet President Leonid Kravchuk. [sentence as received]

### **'Roundup' on Trip**

*OW0208091791 Beijing XINHUA in English  
0410 GMT 2 Aug 91*

["Roundup: Bush's First Trip to Moscow (by Sheng Shiliang)"]—XINHUA headline]

[Text] Moscow, Aug. 1 (XINHUA)—U.S. President George Bush visited for the first time the Soviet Union from July 29 to August 1, making the trip the most calm and fruitful among his six meetings with his Soviet counterpart Mikhail Gorbachev.

The failure to bridge the differences concerning the Soviet-American treaty on reduction of offensive strategic weapons, nine years in the making, had repeatedly put off the Moscow summit scheduled in the end of last year. The signing of the treaty thus became the most noticeable event of the Moscow summit.

The Strategic Arms Reduction Treaty, signed in the Kremlin on July 31, mandates that the superpowers must reduce 30 percent of their strategic arsenals within the coming seven years to the level that each side owns less than 1,600 strategic vehicles and 6,000 warheads. It also bans any further improvement of the weapons.

The START will lower the level of the Soviet-American confrontation because Washington and Moscow will be required for the first time to slash, not merely cap, their stockpiles of deadly nuclear weapons.

The cut of delivery vehicles is four or five times more than the amount defined in the former abortive treaty on

limiting strategic arms at stage 2. Nuclear warheads carried by ballistic missiles will be reduced by 48 percent on the Soviet side and by 39 percent for Americans.

Yet, the cut fails to reach the expected reduction by half and is not a balanced one.

For all the reductions, both sides will still retain more than enough nuclear weapons to wipe out each other—9,000 warheads on the U.S. side and about 7,000 for the Soviets. Former U.S. Secretary of Defense Robert McNamara calculated that 400 warheads would be enough to eliminate either of the two countries.

Bush, prior to his departure, had said the visit would not be a summit on arms control. Bilateral economic relations is high on the agenda.

The Soviet Union, trying to walk out of its economic crisis to a market economy, coveted Western aid.

However, as Bush's National Security Assistant Brent Scowcroft had warned that there was no need to expect Bush would go to Moscow with two huge packages of U.S. dollars, the President did make no promise on economic support.

To make up, he promised to lift the credit restriction on U.S. exports to the Soviet Union and awarded Moscow the most-favored-nation trade status. Meanwhile, Gorbachev hoped the United States helps ease the restrictions on Soviet purchases of Western high-tech goods.

Also beneficial to the Soviet Union are the five agreements signed on July 30 covering such areas as civil aviation security, economic and technological cooperation, and emergency aid for disasters.

But Bush was tougher than any other Western leaders in demanding the Soviet Union further reform its economic system and even made the request a precondition for economic help.

In his speech delivered to the Soviet public on July 30, the U.S. President listed three conditions for developing U.S.-Soviet political and economic relations: returning the four northern islands to Japan, giving "freedom" to the Baltic republics of Lithuania, Latvia and Estonia, and terminating military assistance to Cuba.

In the three joint statements on regional issues, Bush and Gorbachev proposed the calling of an international Middle East peace conference in October, maintained that the Yugoslavia problem should be solved by all Yugoslavs themselves on the basis of democracy through peaceful talks and constructive dialogue, and said they would take coordinate actions to settle the disputes in Central America.

The U.S. attempt of trying to develop direct relations with Soviet Republics while increasing contacts with Soviet central government is another new move in Bush's visit.

On July 30, Bush held a separate meeting with Boris Yeltsin, president of the largest Russian federation, and ended his visit in the second largest Soviet Republic Ukraine. The Kazakh president also participated in the summit talks.

## DPRK's Nuclear-Free Zone Proposal Supported

### Soviet Spokesman Comments

OW0108210591 Beijing XINHUA in English  
1646 GMT 1 Aug 91

[Text] Moscow, August 1 (XINHUA)—Soviet Foreign Ministry spokesman Vitaliy Churkin said today that the Soviet Union supports DPRK's (the Democratic People's Republic of Korea) initiative to turn the Korean peninsula into a nuclear-free zone.

Speaking at a press conference, Churkin said if DPRK and South Korea "reach an agreement" on the proposal put forward on Tuesday, the Soviet Union, as a nuclear state, "is willing to give necessary guarantees, with other nuclear powers, for the zone's nuclear-free status."

The spokesman stressed that the Soviet Union pays much attention to the non-proliferation of nuclear weapons, including the setting-up of nuclear-free zones.

He noted that the issue of nuclear security is vital for the Korean peninsula which was overfilled with armed forces and armaments, saying that the political and military confrontation still exists.

The proposal to build the Korean peninsula into a non-nuclear zone is conducive to clearing up suspicions between DPRK and South Korea and normalizing the situation on the peninsula.

### SRV Spokeswoman Cited

OW0108212191 Beijing XINHUA in English  
1513 GMT 1 Aug 91

[Text] Hanoi, August 1 (XINHUA)—Vietnamese Foreign Ministry spokeswoman Ho Thi Lan said today that Vietnam supported the Democratic People's Republic of Korea's (DPRK) proposal to make the Korean peninsula into a non-nuclear zone.

Speaking at a press conference, Ho Thi Lan said the proposal, which was announced by the Korean Foreign Ministry on Tuesday, would be conducive to the consolidation of stability and peace in the Korean peninsula and Northeast Asian regions.

She said the Vietnamese had made active contributions to the establishment of a world without nuclear weapons.

Referring to the Bangkok meeting between Vietnamese Deputy Foreign Minister Le Mai and United States Assistant Secretary of State Richard Solomon, on Tuesday, the spokeswoman said the talk was "necessary and beneficial."

The meeting was helpful in understanding each's views on normalization of relations between Vietnam and the United States, the Cambodian issue and problems of common concern.

## United States & Canada

### Bartholomew Briefs Qian Qichen on Moscow Summit

OW0208100291 Beijing XINHUA in English  
0942 GMT 2 Aug 91

[Text] Beijing, August 2 (XINHUA)—U.S. Undersecretary of State Reginald Bartholomew came to Beijing today to brief China on the recent U.S.-Soviet summit in Moscow, according to Chinese Foreign Ministry sources.

State Councillor and Foreign Minister Qian Qichen met with Bartholomew, and Vice-Foreign Minister Tian Zengpei held talks with him, the sources said.

Bartholomew is scheduled to leave Beijing this evening.

### Better Ties Said Beneficial to U.S. Interests

HK0208063191 Hong Kong WEN WEI PO  
in Chinese 2 Aug 91 p 2

[Editorial: "Improving Sino-U.S. Relations in U.S. Interest"]

[Text] President Bush has won strong support and is sure he can veto the Senate's bill on conditionally extending most-favored-nation [MFN] trade status to China. Originally, Bush needed only 34 votes to veto the bill; now he has 44 votes. The congressmen who wanted to boycott China gaped in astonishment at the result. They made a wrong judgment, saying China would only receive MFN status conditionally.

However, President Bush and other knowledgeable Americans realize that their actions violate U.S. interests. He criticized Nancy Pelosi and her followers for "using the wrong method." Some U.S. newspapers also pointed out that the Mitchell bill is shortsighted, involves the rift between the political parties, and has individual purposes. Mitchell has always tried to find issues to confront Bush with so as to show his restraining power; however, he did not consider whether his move would jeopardize free world trade and U.S. investment interests.

Some congressmen pointed out that conditionally granting MFN status is unacceptable to China.

If the bill was rashly passed, it would immediately put the United States on the back of a tiger, and it would find it hard to get off. The ball is now on the U.S. side, and it has to decide itself whether it will trade with China; if the United States backs off, the whole case looks more like blackmail, and the United States will miss the chance to retreat gracefully.



Some knowledgeable Americans think that not giving MFN status to China is reminiscent of blindly carrying out saturation bombing on a battlefield; it will bring bad effects and even flatten U.S. interests. Therefore, Republican Senator Dole said: "This not only hurts China's reform movement, but also the national security and economic interests of the United States."

Bush has successfully mobilized Democrat Senator Baucus to play a crucial role during the debate; Senator Baucus is chairman of the Subcommittee on International Trade, of the Finance Committee, and is an authority on foreign trade problems. The United States is trying to expand the volume of its global trade to stimulate economic recovery in the country; favorable conditions for economic development can be available only when various countries can practice free trade and abolish tariff barriers. The United States has strong points in foreign trade, and its high-tech products have good economic returns and can earn handsome profits. Is there any reason to give up the Chinese market, which has great potential? Furthermore, U.S. wheat exports need a stable and sustained Chinese market; if restrictions are set up by the MFN issue, then Canada, Australia, and the EC will quickly make up the shortfall. After Senator Baucus made his stand clear, the unholy anti-China alliance split up and disintegrated.

The United States attaches importance to its investment interests in China. There are some 1,000 U.S. enterprises in China, with investments amounting to more than \$4 billion, and many of these enterprises sell their goods back to the United States. If MFN status was canceled, U.S. businessmen who have invested in China will be the first ones to be hit hard. Taking their interests into consideration, the United States cannot grant conditional MFN status to China.

At present, the problem of MFN status has gone, and Bush has written to Senators announcing the stand of "only one China, and Taiwan is part of China," to handle the GATT membership issue. Recently, the U.S. Government rejected an arrangement for a Li Teng-hui stopover in the United States with the title of Taiwan "president" on his way to visit other countries. This shows that knowledgeable persons in the United States perceive that the policy of encroaching upon and enacting sanctions against China cannot work, and now is the time to improve relations with China.

In the future, the development of Sino-U.S. relations depends on whether the United States can strictly observe the guiding principles contained in the three joint Sino-U.S. communiques. For example, the United States still breaks contracts by stopping sales of satellite parts to China. It still follows a policy of restricting exports of high technology.

Mutual noninterference in internal affairs is a prerequisite for the development of Sino-U.S. relations. In this area the United States can do something. In the area of protecting the national strategy of independence and

self-determination, China can also do something. China recently announced that if the Western countries exported more technologies to China and if the technologies were more sophisticated, China would open its market wider to those countries concerned, and would buy more goods from them. This is an important policy of equality and reciprocity, and it will enable technological cooperation and economic exchanges between China and Western countries to develop prosperously.

## Soviet Union

### Gorbachev, UK's Lamont Discuss Cooperation

OW0208073991 Beijing XINHUA in English  
0138 GMT 2 Aug 91

[Text] Moscow, August 1 (XINHUA)—President Mikhail Gorbachev today met with Britain's Chancellor of the Exchequer Norman Lamont and discussed with him the Soviet Union's economic situation and further cooperation with the West.

According to TASS, their talks focused on the conditions necessary for a new type of cooperation between the Soviet Union and the West, and on a unified market and financial system, as well as policies on currency and taxation in the Soviet Union.

They also talked about the British-Soviet summit held recently when Gorbachev attended the G-7 meeting of industrialized nations in London, TASS said.

Lamont, who arrived here Wednesday for a five-day visit to the Soviet Union, is the first finance minister from a G-7 to visit the country since the London summit. His visit is in line with a six-point aid package to ease the transition to a market economy agreed upon by the G-7 nations.

### Moscow Reaffirms Support for SFRY Integrity

OW0108210391 Beijing XINHUA in English  
1950 GMT 1 Aug 91

[Text] Moscow, August 1 (XINHUA)—Soviet Prime Minister Valentin Pavlov told visiting Yugoslav Prime Minister Ante Markovic that the USSR supports Yugoslavia's integrity.

"External and internal conditions should be created for Yugoslav people to decide the country's system in constitutional, peaceful and democratic means," Pavlov was quoted by TASS NEWS AGENCY as saying.

Markovic, who arrived here today for a two-day work visit, briefed his Soviet counterpart on domestic situation and efforts made by the Federal Government in seeking peaceful solution to the current crisis in the Balkan state.

Both sides maintained that the international efforts for stabilizing the situation in Yugoslavia should not run counter to the principle of non-interference in internal affairs.

The two sides also discussed bilateral trade and expressed willingness to expand cooperation in various fields.

### Northeast Asia

#### Wu Xueqian Meets Japanese Visitors

OW0208082191 Beijing XINHUA in English  
0641 GMT 2 Aug 91

[Text] Beijing, August 2 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with Sa Nishioka from the Buraku Liberation League of Japan and his party here this afternoon.

#### CITIC To Get Loan From Japanese Banks

HK0108120091 Beijing CHINA DAILY in English  
1 Aug 91 p 2

[Text] The China International Trust and Investment Corporation (CITIC) will get a \$23 million loan from a group of six Japanese banks according to an agreement signed yesterday in Beijing.

The commercial loan, which will be matured in five years, is being supplied by a banking group including Nippon Credit Bank, Ltd, Chuo Trust Bank, Ogaki Kyoritsu Bank, Chokyo Bank, Nishi-Nippon Bank and Norin Chuo Bank. The Nippon Credit Bank, Ltd is the leading manager of the loan.

The money will be used to support CITIC's construction projects in the energy, chemical and textile industries.

This is the first financing agreement CITIC has signed in Beijing with a Japanese financial organization since June 1989.

But, it is not the first time for CITIC to join hands with foreign financial institutions since 1989. In January this year, CITIC signed an agreement in Hong Kong with Japanese banks to borrow \$50 million.

"I believe the current co-operation will pave the way to further our business dealings," said CITIC President Wei Mingyi, adding that he hopes for more co-operation with Japanese financial organizations to boost his corporation's business in the coming five years.

Encouraged by the success of issuing bonds in Tokyo, CITIC has also been active in Singapore, Hong Kong and Frankfurt.

### Southeast Asia & Pacific

#### Malaysian Minister Attends Economic, Trade Talks Meets Li Lanqing

OW0208082491 Beijing XINHUA in English  
0226 GMT 2 Aug 91

[Text] Beijing, August 2 (XINHUA)—Li Lanqing, Chinese minister of foreign economic relations and trade,

held talks with Datuk Sri Rafidah, Malaysian minister of international trade and industry, here this morning.

They exchanged views on further expanding the economic and trade relations between the two countries.

Rafidah is attending the first meeting of the Sino-Malaysian joint committee on economy and trade, which opened here today, at Li's invitation.

#### Talks With Qian Qichen

OW0208093691 Beijing XINHUA in English  
0912 GMT 2 Aug 91

[Text] Beijing, August 2 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen met today with Datuk Sri Rafidah, Malaysian minister of international trade and industry, who is here to attend the first meeting of the Sino-Malaysian Joint Committee on Economy and Trade.

During the meeting, Qian and Rafidah exchanged views on issues of common interest, according to Chinese Foreign Ministry sources.

#### Diversified Trade Urged

HK0208112191 Hong Kong AFP in English 1018 GMT  
2 Aug 91

[Text] Beijing, Aug 2 (AFP)—The Malaysian international trade and industry minister opened talks in China on Friday with a call for more diverse commerce and increased direct shipping services, the Malaysian Embassy said.

"There is a need for us to continue to explore ways and means to effect commercial exchanges on a more intensified scale," Datuk Sri Rafidah Aziz told her counterpart Li Lanqing at the inaugural meeting of a joint economic and trade commission.

The minister said Malaysia sought to diversify its exports to China, which were now 80 per cent made up of primary commodities such as palm oil.

She asked for cooperation in increasing direct shipping service and commercial links and said Kuala Lumpur supported Beijing's participation in the proposed East Asia Economic Group as well as the Asia-Pacific Economic Cooperation forum.

Rafidah and her delegation, which includes 23 businessmen, arrived in Beijing on Thursday for a six-day visit, an embassy official said.

She also met Friday with Foreign Minister Qian Qichen and was due to be received by either Premier Li Peng or President Yang Shangkun.

Two-way trade has grown an average of nearly 30 per cent a year for the past five years to some 1.2 billion dollars in 1990, according to Malaysian statistics. Both sides claim a deficit.

### Philippines Envoy Hands Over Flood Aid

OW0208131691 Beijing XINHUA in English  
1054 GMT 2 Aug 91

[Text] Beijing, August 2 (XINHUA)—The Government of the Philippines today donated 10,000 U.S. dollars to the flood-hit areas in east China.

Felipe Mabilangan, Philippine ambassador to China, presented the money here today to Doje Cering, Chinese vice minister of civil affairs.

During their meeting, the Philippine ambassador expressed sympathy and solicitude for the people in the flooded areas on behalf of President Corazon Aquino, and the Philippine Government and people.

The ambassador also presented a donation of 2,665 yuan in foreign exchange certificates from the staff of his embassy and Philippine nationals currently in China.

Doje Cering expressed thanks to President Aquino, the Philippine Government and people on behalf of the flood victims in the disaster areas.

### Liu Huaqiu Talks With Micronesian President

OW0208123691 Beijing XINHUA in English  
1207 GMT 2 Aug 91

[Text] Canberra, August 2 (XINHUA)—President Bailey Olter of the Federated States of Micronesia said today his country and China share many points in common and therefore there are both a solid basis and broad prospects for developing bilateral friendly relations and cooperation.

Olter made the remarks when he met with Chinese Vice-Foreign Minister Liu Huaqiu at the president's office in Palikir. He extended a warm welcome to Liu and heartfelt thanks to the Chinese Government for sending a representative to take part in the current post-forum dialogue and paying a goodwill visit to Micronesia.

He expressed the hope that Micronesia and China would increase contacts and engage in close cooperation in the future.

Vice-Minister Liu forwarded to President Olter a personal letter from Chinese President Yang Shangkun, which extended warm congratulations on the complete success of the 22nd South Pacific Forum and the post-forum dialogue presided over by him.

President Yang said in his letter that the peoples of China and Micronesia have long had friendly contacts, and that the establishment of diplomatic relations between the two countries in 1989 ushered in a new phase of Sino-Micronesian relations, according to the Chinese vice-foreign minister.

President Yang invited President Olter to visit China at a time convenient to both sides.

President Olter thanked the Chinese president for the letter and said that the Micronesian Government and people were deeply moved by China's formal recognition of Micronesia, establishment of embassy in Palikir and dispatch of a resident ambassador, its support for Micronesia's application for membership of the United Nations, and its selfless assistance for the country's economic development.

All this is also a testimony to the fact that China could be a very sincere and reliable friend, he added.

President Olter accepted President Yang's invitation with pleasure.

### Near East & South Asia

#### Shamir Accepts Peace Talks With Conditions

OW0108222891 Beijing XINHUA in English  
1814 GMT 1 Aug 91

[Text] Cairo, August 1 (XINHUA)—Israeli Prime Minister Yitzhaq Shamir said today that he would recommend to his cabinet to approve Israel's attendance at the U.S.-proposed Mideast peace conference on condition that a solution is found to the issue of Palestinian representation.

Reports from Jerusalem said Shamir made the remarks after a two-and-a-half-hour meeting with U.S. Secretary of State James Baker, who said the prospect of a peace conference is "no longer simply a dream." Baker arrived in Israel earlier in the day in a renewed attempt to persuade the Jewish state to accept the U.S. plan.

"We have expressed our readiness to enter peace negotiations in accordance with the U.S. proposal subject to a satisfactory solution of the issue of Palestinian-Arab representation," said Shamir.

"I will recommend to our cabinet to approve the proposal," Shamir added. The proposal calls for an opening conference to be followed by direct negotiations between Israel and the Palestinians on the one hand and between Israel and individual Arab states on the other.

Shamir reiterated that Palestinians should be represented in a joint Jordanian-Palestinian delegation to the peace talks.

Baker, who last month gained endorsement for the U.S. proposal from Israel's Arab neighbors, said he has received "the yes we were hoping for from the Israelis."

He said Shamir's response was "extremely positive and significant," but added, "I think we should all recognize there is work to be done."

Baker arrived from Moscow where U.S. President George Bush and Soviet President Mikhail Gorbachev announced Wednesday that they hoped to convene the Middle East Conference in October under the auspices of their countries.



The biggest stumbling block on the way has been the dispute over who should represent the Palestinians in the peace conference.

Israel wants only Palestinians from the occupied West Bank and Gaza Strip to attend the peace parley and insists that the Palestine Liberation Organization (PLO) and Palestinians from East Jerusalem be excluded from the meeting.

Israel captured East Jerusalem and the West Bank from Jordan in the 1967 Middle East war, along with the Gaza Strip from Egypt and the Golan Heights from Syria. It later annexed the Arab East Jerusalem as part of its "united capital."

The Jewish state considers the PLO a "terrorist group" and refuses to talk with the organization, although the PLO is widely recognized as the sole legitimate representative of the Palestinian people. Israel also rejects the idea of talks with Palestinians selected by the PLO.

The Palestinians, whose representatives Baker will meet with Friday, are demanding, on their part, the right to choose their own representatives and to use the peace conference as a platform to gain a Palestinian statehood in the occupied territories with Jerusalem as its capital.

The PLO Wednesday welcomed the convocation of the peace talks "on the condition that all parties participate on equal footing, including a Palestinian delegation composed of representatives of the interior (the occupied lands) and the diaspora, designated by the PLO, without outside interference."

Baker pledged that the U.S. will work "to bring about an active, and hopefully successful" peace conference.

He again offered assurances that any understanding reached with any party will be shared with the others, meaning that no secret diplomacy will be conducted in trying to settle the Arab-Israeli conflict.

The bedrock of the U.S. proposal is reportedly U.N. Resolutions 242 and 338 which call on Israel to relinquish the war-won lands in exchange for peace with the Arabs.

Baker is on his sixth Middle East tour since March. He will travel to Tunisia Friday.

#### **Baker To Discuss Maghreb Role in Mideast Talks**

OW0208121991 Beijing XINHUA in English  
1133 GMT 2 Aug 91

[Text] Tunis, August 2 (XINHUA)—U.S. Secretary of State James Baker will discuss possible participation in the proposed Middle East peace conference by Tunisia, Algeria and Morocco, well-informed sources here said.

Baker, who is currently on his sixth Middle East tour since March, is due here on Sunday for a brief working

visit to Tunisia, during which he will meet with President Zine El Abidine Ben Ali and his Tunisian counterpart Habib Ben Yahya, according to the newspaper ASSABAH today.

President Ben Ali proposed recently that the Maghreb countries participate in the Middle East peace process at all its stages.

The Maghreb countries are Tunisia, Algeria, Morocco, Libya and Mauritania.

Ben Ali's call was welcomed by all parties concerned including the Palestinian leadership.

Palestinian President Yasir 'Arafat expressed support for the proposal during his meeting with Ben Ali last Tuesday.

Palestinian sources here said the Tunis-based PLO has not been informed yet of any possible meeting between its officials and any U.S. officials during Baker's stay in Tunis. But, Tunisian sources said, the PLO's points of view would be conveyed to the American side during Baker's tour to Tunis, Algeria and Morocco.

### **Sub-Saharan Africa**

#### **Li Ruihuan Pays Visit to Burundi**

##### **Meets President Buyoya**

HK0208003591 Beijing RENMIN RIBAO in Chinese  
26 Jul 91 p 6

[XINHUA report: "President Buyoya Meets With Li Ruihuan"]

[Text] Bujumbura, 24 July (XINHUA)—On the evening of 23 July, Pierre Buyoya, president of Burundi and of the Unity for National Progress, cordially met with Li Ruihuan, member of the Standing Committee of the Political Bureau and of the Secretariat of the CPC Central Committee, and all members of the visiting CPC delegation led by him. The sides exchanged views on issues of mutual concern.

Buyoya spoke highly of the profound friendship and friendly cooperation between the two countries and two parties of Burundi and China, praised the Chinese people as the closest friends of the Burundian people, and expressed heartfelt thanks for the Chinese people's contributions to Burundi's development. He also hoped that the exchange and cooperation between the two countries will be more diversified in order to forge closer bilateral friendly relations and cooperation.

Li Ruihuan emphatically said: The CPC attaches great importance to the friendly relations between China and Burundi and is satisfied with the cooperation between both sides. He reaffirmed that the CPC is willing to increase friendship and expand bilateral cooperation on the existing basis.

Li fully appraised the Burundian people's efforts to consolidate national unity. He said: The Burundian concept of taking national unity and stability as conditions to promote democracy and bringing democracy into the orbit of national unity and economic growth is one meriting attention. He hoped Burundi could find a development path suiting its national condition and wished that Burundi would be built still better and that the people would live more happily.

At the end of the meeting, President Buyoya hosted a dinner party in honor of the Chinese delegation.

#### Comments on Ties

*HK0208031791 Beijing RENMIN RIBAO in Chinese  
26 Jul 91 p 6*

[XINHUA report by reporter Liu Shangyang (0491 0006 7122): "CPC Delegation Led by Li Ruihuan Ends Visit to Four African Countries"]

[Text] Bujumbura, 24 July (XINHUA)—A CPC delegation, led by Liu Ruihuan, member of the Standing Committee of the CPC Political Bureau and secretary of the CPC Secretariat, left here for home this morning after a four-day visit to Burundi.

Among those who saw the delegation off at the airport were Nicolas Mayugi, general secretary of the Party of Unity and National Progress; Cyprien Mbonimpa, minister of external relations and cooperation; and other central committee members and government ministers. Chinese Ambassador to Burundi Wang Jianbang, also went to the airport to see the delegation off.

Before leaving Burundi Li Ruihuan answered XINHUA reporters' questions. He said: The CPC delegation's visit to the four countries of Senegal, Burkina Faso, Uganda, and Burundi had been a complete success and had achieved its desired goals.

He said: During the visit, the delegation met and held talks with the parties and paramount state leaders of the four countries, exchanged views and shared experiences on questions of common concern, thus deepening mutual understanding and improving friendship. This will play a positive role in further strengthening bilateral friendly relations and cooperation.

Li Ruihuan said: All African countries have made unremitting efforts to safeguard national independence and have obtained gratifying achievements in developing their national economies. Moreover, they are exploring means of development, under the new situation, that conform to their own national conditions. The delegation showed admiration for their positive exploration and was pleased about the results they have scored.

He said: China and African countries are all Third World countries as well as developing countries. They have similar situations, the same objectives, and common interests, and they share a traditional friendship. The warm welcomes and lavish hospitality the delegation

have received during the four-country visit, demonstrates the African peoples' deep friendship for the Chinese people and their common aspirations of supporting and sympathizing with each other.

Finally, Li Ruihuan said: Under the current complicated and changeable international situation, China will continue, as usual, to support African countries in their efforts to safeguard national sovereignty, invigorate their economies, and improve their peoples' living standards. They are willing to make a concerted struggle to establish a just and reasonable new international political and economic order.

The CPC delegation began the visit to the four African countries on 10 July.

#### Ivory Coast Donates To Flood-Stricken Areas

*OW0208102891 Beijing XINHUA in English  
0936 GMT 2 Aug 91*

[Text] Beijing, August 2 (XINHUA)—The Cote d'Ivoire Embassy in China donated 2,000 yuan in Foreign Exchange Currency (FEC) to China's flood-stricken areas.

Claude Bouah-Kamon, charge d'affaires ad interim of the Cote d'Ivoire Embassy, delivered the money here today to Zheng Yaowen, director of the Department of African Affairs of the Chinese Foreign Ministry.

Zheng expressed thanks to Bouah-Kamon, praising the African people as close and tested friends of the Chinese people.

#### West Europe

#### Trade With European Community Increases

*HK0108114791 Beijing CHINA DAILY in English  
1 Aug 91 p 2*

[By staff reporter Lao Zhang]

[Text] Chinese Customs yesterday announced that trade between China and the European Community (EC) jumped 10.5 percent to \$6.84 billion in the first half of 1991 compared with the same period last year.

The trade volume accounted for 12 percent of the country's total import and export value during the period, according to Chinese Customs.

Of the total trade volume with the EC, China's exports to EC nations grew by 20.2 percent in the first half of the year to reach \$3.11 billion while imports from EC countries climbed 3.5 percent to \$3.73 billion.

Germany remained China's largest trading partner among EC countries, with Sino-German trade volume increasing by 13.5 percent to \$2.5 billion.

The value of Sino-German trade accounted for 36.5 percent of the total Sino-EC trade volume in the first half of 1991, Customs said.

China's trade with France showed the highest growth of any of China's EC trading partners, registering a dramatic rise of 20.7 percent to \$1.06 billion during the first half of the year.

Some 73 percent of China's total export commodities to EC nations in the first six months of the year were finished industrial products, including textiles, machinery and electronics products, clothes, shoes and chemicals.

### **Greece Receives Military Supplies From U.S.**

OW3107214191 Beijing XINHUA in English  
2008 GMT 31 Jul 91

[Text] Athens, July 31 (XINHUA)—Greece today received more than 6 billion drachmas (about 30 million dollars) worth of U.S. mobile military supplies with more to come by the end of this week.

Greek Defence Ministry sources said the supplies were intended for Saudi Arabia where they would be used in Gulf operations, but with the termination of the war, the U.S. authorities decided to hand them over without charge to the Greek Army.

The sources said all of the mobile military vehicles were new, unused and could easily be incorporated into the Greek Army's support units.

Among the most modern supplies to be delivered to the Greek Army are large quantities of equipment which can be used in cases of chemical or biological warfare.

The sources said that 10 F-4E aircraft would be delivered to the Greek Air Force on Saturday.

## **Latin America & Caribbean**

### **Further on Wang Hanbin Talks in Peru**

#### **Remarks on Taiwan**

HK0208024391 Beijing RENMIN RIBAO in Chinese  
27 Jul 91 p 6

[XINHUA report by reporter Pan Guojun (3382 0948 0193): "Peru's Senate President, First Vice President Receive Wang Hanbin-Led NPC Delegation"]

[Text] Lima, 25 Jul (XINHUA)—Maximo San Roman, Peru's Senate president and first vice president, and Felipe Osterling Parodi, president of the Chamber of Deputies, today met separately with the entire NPC [National People's Congress] delegation headed by Wang Hanbin, vice chairman of the NPC Standing Committee. The two sides exchanged views on issues of common concern.

At the meeting, the two leaders of Peru's Congress indicated their intentions to work for the further development of existing cooperation and friendly ties between the governments and people of Peru and China and between the Peruvian parliament and the Chinese NPC.

Vice Chairman Wang Hanbin spoke about the current political and economic situations in China as well as on the policy of reform and opening up of the Chinese Government at the meeting.

He also expounded on the Chinese Government's position on the Taiwan issue. He pointed out that the so-called flexible diplomacy of the Taiwan authorities was in effect an attempt to create two Chinas or one China, one Taiwan. The Chinese Government is firmly opposed to the development of official ties with Taiwan by countries which have diplomatic relations with China.

At the end of the meeting and the working meeting, San Roman, the Peruvian Senate president and first vice president hosted a reception in honor of Vice Chairman Wang Hanbin and his entourage.

That same day, Vice Chairman Wang Hanbin and his party also visited the Beijing Hall at Peru's Congress building.

### **Talks With Prime Minister**

HK0208004591 Beijing RENMIN RIBAO in Chinese  
27 Jul 91 p 6

[XINHUA report by reporter Pan Guojun (3382 0948 0193): "Peru's Prime Minister and Foreign Minister Receives Wang Hanbin-Led NPC Delegation"]

[Text] Carlos Torres de Torres Lara, Peru's prime minister and foreign minister, this morning met with the entire National People's Congress [NPC] delegation from China led by Wang Hanbin, vice chairman of the NPC Standing Committee. The host and the guests conducted warm and friendly talks.

The meeting was held at the Foreign Ministry of Peru. Prime Minister Torres first extended a warm welcome to the Chinese visitors. He said: After returning from his China visit in April this year, President Alberto Fujimori repeatedly said that through his visit to China, he saw broad prospects for further cooperation between Peru and China.

Prime Minister Torres pointed out: Whether in terms of production or economic aspects, Peru and China should link up more closely in order to arrive at joint development. He went on: Peru has a very big Chinese community and the Chinese in Peru have won society's respect because of their industry and hard work.

At the meeting, Vice Chairman Wang Hanbin conveyed the sincere greetings of Premier Li Peng and Foreign Minister Qian Qichen to Prime Minister and Foreign Minister Torres. He said: Both China and Peru are developing countries and have an excellent foundation for promoting cooperation and friendly ties.



He pointed out: In the 20 years since diplomatic relations were established between China and Peru, cooperation between the two countries has continued to expand in the fields of politics, economics, culture, trade, and science and technology. He said: President Fujimori signed a decree on 17 July this year declaring 25 July of each year as Peru-China friendship day. This not only reflected the deep feelings that the Peruvian people have for the Chinese people, but also demonstrated the positive attitude of the Peruvian Government to the development of Peru-China relations. This will have a far-reaching impact on the development of bilateral relations.

The Chinese NPC delegation arrived in Lima last night to begin a 5-day friendly visit to Peru.

### **Cuba Donates Medicine To Flood-Stricken Areas**

*OW0208105191 Beijing XINHUA in English  
1023 GMT 2 Aug 91*

[Text] Beijing, August 2 (XINHUA)—Cuba decided to donate 12 million U.S. dollars worth of medicine to China's flood-stricken areas, according to the Chinese Ministry of Civil Affairs.

J.A. Guerra Menchero, Cuban ambassador to China, met here this afternoon with Doje Cering, China's vice-minister of Civil Affairs, and presented to him the donation on behalf of Cuban President Fidel Castro, the Cuban Government and people.

Guerra also expressed Cuba's sympathy and solicitude for the people in the disaster areas in east China.

The ambassador spoke highly of the people in these flood-hit areas for their achievements in their fight against the floods under the leadership of the Chinese Communist Party and government.

It is only under the socialist system, said Guerra, can the people in all walks of life be mobilized to ensure a complete victory over the disaster.

Doje Cering, on behalf of the Chinese Government and the people in the flood-stricken areas, thanked President Castro, the Cuban Government and people for their help.

He said China is fully confident of conquering the disaster and achieving the final victory.

### **'Roundup' Views Cuban-Latin American Relations**

*HK0208023791 Beijing RENMIN RIBAO in Chinese  
27 Jul 91 p 6*

["Roundup" by Zhang Cangji (1728 0221 0679): "Cuba Improves Relations With Latin-American Countries"]

[Text] In recent years, Cuba has made some progress in restoring and improving its relations with other Latin American countries. On 27 July last year, Cuba restored diplomatic relations with Jamaica. On 19 July this year, Cuba signed joint agreements with Chile and Colombia on the restoration of consular relations. To date, Cuba has restored

or improved bilateral relations with all of the other Latin American countries, except for Paraguay. The 11th Pan-American Games will be held in Havana, the capital of Cuba, on 2 August this year for the first time, and 5,200 players from 39 American countries and regions, including the United States, will take part in this big event. Latin American public opinion universally holds that in the wake of Cuba's breakthrough in Latin American diplomacy, "the wall that the United States built to isolate Cuba for a long time has actually collapsed."

The main reason for Cuba's breakthrough in Latin American diplomacy is that Cuba has readjusted its diplomatic policy on its own initiative and has made efforts to coordinate its steps with those of other countries with respect to important regional problems. It has been universally well received by the Latin American countries. Regarding Central America, Cuba supports the international community and Latin American regional organizations that have made efforts to peacefully, impartially, and persistently resolve conflicts in Central America and has taken practical action by withdrawing its military advisers and other assistants from Nicaragua. On the issue of foreign debts, Cuba expresses understanding and support on the debt talks between Latin American countries and creditor nations and international financial organizations. On the prospect of Latin America merging into an organic bloc, Cuba maintains that Latin America should not merge into an economic bloc, but should vigorously step up merging into a political bloc. It also declares that Cuba has made good preparations for Latin America to merge into an organic bloc.

On the other hand, progress made by Cuba in Latin American diplomacy has resulted in Latin American countries advocating that "Latin American problems should be solved by Latin American countries themselves." Although the United States has not changed its policy of having a hostile attitude toward Cuba and isolating Cuba, and continues to enforce an economic blockade against Cuba, Latin American countries already know that excluding Cuba from the larger Latin American family because of differing ideology is disadvantageous to the solution of regional problems and is also unfavorable to the process of merging Latin America into an organic whole. Latin American countries, therefore, hope that through the restoration and development of relations with Cuba, they can maintain normal channels for exchanging views with Cuba on regional problems. In recent years, seniors officials from Cuba and other Latin American countries have frequently visited each other, thus strengthening mutual understanding and removing misgivings and estrangements which have existed for a long time. Some Latin American countries have appealed to the Organization of American States to restore Cuba's membership in this organization and demanded that the United States stop its economic blockade against Cuba, and that the problems between the two countries be solved through negotiations. President Collor of Brazil clearly and definitely

declared not long ago that the Brazilian Government will help Cuba "return" to the larger Latin American family.

In addition, as the volume of trade between the Soviet Union and East European countries and Cuba has dropped in the past few years, the Cuban Government has developed its trade relations with other Latin American countries. The volume of trade between Cuba and Latin American countries in 1989 amounted to \$622 million. At present, under

the heavy pressure of foreign debts, Latin American countries are facing economic difficulties. Many Latin American countries need to restore and improve their relations with Cuba to develop their export markets and to reinvigorate their economies.

The improvement in relations between Cuba and other Latin American countries is beneficial to contacts and cooperation among all Latin American countries.

**Political & Social****Li Peng Chairs Meeting on Quarantine Law***OW0208111691 Beijing XINHUA Domestic Service  
in Chinese 0810 GMT 2 Aug 91*

[Text] Beijing, 2 Aug (XINHUA)—Chaired by Premier Li Peng, the 88th Regular Meeting of the State Council today adopted in principle, after discussion, the Draft Law on the Quarantine of Animals and Plants Entering and Exiting the People's Republic of China.

After appropriate amendments, the draft law will be submitted by the State Council to the Standing Committee of the National People's Congress for examination and approval.

Quarantine of animals and plants entering and exiting the territory of China is an important task for preventing animal infectious and parasitic diseases, dangerous plant diseases, pests, and weeds, as well as other harmful organisms from entering and exiting the country; for protecting agricultural, forestry, livestock, and fishery production and human health; for maintaining foreign trade reputation; and for carrying out international obligations. Animal and plant quarantine work has progressed steadily since the founding of the People's Republic of China. On 4 June 1982, the State Council promulgated the Regulations of the People's Republic of China on the Quarantine of Imported and Exported Animals and Plants. Over the past eight years or so, the regulations have played a positive role in advancing China's animal and plant quarantine work and in protecting agricultural, forestry, livestock, and fishery production; however, along with the introduction of reform and opening to the outside world and the development of foreign trade, the regulations are no longer able to suit the new requirements. It is under the situation of reform and opening to the outside world that the Draft Law on the Quarantine of Animals and Plants Entering and Exiting the People's Republic has been drawn up with the purpose of strengthening the rules and regulations on the quarantine of animals and plants entering and exiting the territory of China. The law provides clear-cut provisions governing transit quarantine, exit quarantine, entry quarantine, and the quarantine of accompanied goods, postal parcels, and means of transport.

**Reports Continue on Flooding, Countermeasures****Li Peng on Diversion Efforts***OW0208123891 Beijing XINHUA Domestic Service  
in Chinese 0218 GMT 2 Aug 91*

["Newsletter: For the Safety of Tens of Thousands of People: On Policymaking Process in Connection With the Diversion of Flood Waters Into Mengwa; by XINHUA reporter Zhao Peng (6392 7720)"]—XINHUA headline]

[Excerpts] Beijing, 2 Aug (XINHUA)—The pitch-dark night sky over the Huai He was streaked by torrential

rain. On the night of 14 June, the Huai He was boiling with massive flood waters seldom seen in history. The surging and roaring flood waters kept lashing at the Huai He Dike, tearing and ramming its main body.

At 2100, the water level in Wangjia Dam in the Huai He mainstream climbed to 28.7 meters, exceeding the level at which flood waters must be diverted into the Mengwa Diversion Zone. Just as the fast-rising flood waters were threatening to burst the Huai He Dike, an urgent cable was sent to the capital city of Beijing by way of Hefei and Zhengzhou.

The flood prevention duty room at the State Flood Control Headquarters [SFCH] in Beijing was brightly lit. On hearing the news, Li Changan, deputy director of the headquarters and deputy secretary general of the State Council, met with Zhang Chunguo, Wang Shouqiang, and Zhou Wenzhi, vice ministers of water resources, as well as a group of flood control experts, to hold emergency discussions on fighting floods. They quickly reached a consensus on acting as swiftly as possible to divert the flood waters into Mengwa. [passage omitted]

Premier Li Peng, who was in Anhui to direct the battle against floods, was closely watching the water level in the Huai He. Only hours earlier, he had traveled to Quanshu County to survey flood control efforts there. After receiving an urgent briefing on the flood situation in the Huai He, he immediately asked his secretary to telephone the State Meteorological Administration [SMA] requesting the earliest possible forecast of rainfall in the upper Huai He. Premier Li Peng, who has ample experience in fighting floods, thoroughly understood the significant impact of the weather on any measures taken to divert flood waters. He worried about the people in the Mengwa Diversion Zone, and hoped to evacuate them safely by delaying the diversion until the following morning.

At the Central Meteorological Observatory's conference room in Beijing at 2230, SMA Deputy Director Luo Jibin telephoned Premier Li Peng to advise him that the conferees predicted a drop in rainfall in the upper reaches of the Huai He on the 15th. [passage omitted]

The water level in the Wangjia Dam kept rising, reaching 28.86 m at 2300. SFCH duty personnel were as jittery as before. They grew more anxious when they subsequently received an urgent phone call from the Henan Provincial Flood Control Headquarters asking the SFCH to order the opening of sluice gates at the Wangjia Dam to divert flood waters into Mengwa in light of the surging water level in the precarious Huai He Dike in Henan Province. [passage omitted]

At midnight on the 15th, the SFCH held an emergency meeting and decided to postpone the diversion from that night until 0800 on the 15th, in order to ensure the safety of residents in the Mengwa Diversion Zone. The decision was based on the forecast of less rainfall in the upper reaches of the Huai He. All localities along the Huai He were asked to keep a close watch on the flood situation and to spare no efforts in guarding the dike.

Minister of Water Resources Yang Zhenhuai gave Premier Li Peng a briefing once he learned of the SFCH's flood diversion plan. After inquiring in detail about the evacuation of the people in the diversion zone, Premier Li Peng said to Yang Zhenhuai: We must ensure the safety of residents in the flood diversion zone and make proper arrangements to feed and house them. It was some time past 0100 on the 15th. [passage omitted]

The SFCH issued an order to divert flood waters into Mengwa after the last person in the area was evacuated at 0500. At 0800, the sluice gates at Wangjia Dam began to open slowly. Torrential flood waters gushed forth, instantly turning Mengwa into a vast body of water.

In addition to preserving the Huai He Dike, over 10,000 people in Mengwa were evacuated safely, and not a single person died.

#### Commentator's Article

HK0208064591 Beijing RENMIN RIBAO  
OVERSEAS EDITION in Chinese 2 Aug 91 p 1

[Commentator's article: "Powerful Cohesive Force"]

[Text] Over the past month, people from all nationalities and all circles in the country; compatriots in Hong Kong, Macao and Taiwan; and overseas Chinese have made donations of cash and goods to the flood-stricken provinces of Anhui, Jiangsu, and others in order to help the people of the disaster-stricken areas fight the floods and rebuild their homes. It is a very moving act of great significance and profound feelings which fully demonstrates the strong cohesive force of the Chinese nation.

This cohesive force stems from a patriotic spirit characterized by concern for the disaster-stricken areas and joint effort to overcome the difficulties. The Chinese nation is an integral body and no one place may be detached from the great motherland. As the floods swept through parts of the provinces of Jiangsu, Anhui, and others, the pain was felt in the hearts of the Chinese people. Areas which did not suffer from this disaster did not isolate themselves from its destructiveness; instead, they regarded the misery of the people of the disaster-stricken areas as their own. These past few days, the people in the disaster-stricken areas were in the thoughts of everyone. How is the flooding there? How many people, plots of land, and houses have been immersed in water? Have the living conditions and production of the people in the disaster-stricken areas been taken care of? What more assistance do they need? The greater the difficulty, the more it can arouse and inspire the people's patriotic spirit and demonstrate the strong will and enormous strength of the Chinese people.

This cohesive force stems from the fraternal feelings among members of the Chinese nation. The valiant Chinese PLA [People's Liberation Army] was the first to rush to the forefront and exhibited the glorious features of the people's soldiers. Even though some soldiers were not familiar with water, they did not hesitate to jump in

to rescue the drowning people; some commanders' own homes were affected by the flooding but they opted to ignore their own little families for the sake of everyone and did not visit their homes even though they had passed them several times. Our country is still relatively poor and the income of many people not high, but they rushed to make generous donations in order to help the people in the disaster-stricken areas, with long lines appearing before the donation offices of many units. Workers, peasants, cadres, intellectuals, elementary and middle school pupils, artists, and literary workers as well as people from all sectors in society they all offered loving hearts to their brothers and sisters in the disaster-stricken areas. Blood is thicker than water. The fund-raising relief activities of the compatriots in Hong Kong, Macao, and Taiwan and the Overseas Chinese were also deeply touching. As of 29 July, the compatriots in Hong Kong have raised more than 600 million Hong Kong dollars, thus setting an unprecedented record in fund-raising in Hong Kong and making their passionate Chinese hearts felt strongly by everyone.

This cohesive force stems from a high degree of trust that hundreds of millions of people have on the CPC and the people's government. Since this century, our country has experienced countless floods, but why is it that the people remained calm and increasingly more courageous as the battle raged on in today's unprecedented flood? The most fundamental reason is because we have the leadership of the CPC. The party and the people are of one heart. With the party as the leading core, the people have found their backbone. The visits of party and state leaders to the front lines of the disaster-stricken areas to get acquainted with the conditions, inquire after the people, and map out rescue and relief operations have been a tremendous encouragement to the people of the disaster-stricken areas. Confronted by the vicious waves after waves of water, the different levels of party organizations at the disaster-stricken areas were not scared nor overcome and have emerged as a formidable battling fortress in the rescue and relief operations. The vast number of Communist Party members and leading cadres were at the forefront, giving full play to their roles as pillars and examples. All these have had an enormous effect in calming and inspiring the people. Experience has once again shown that the CPC deserves to be the leading core of all people of China.

Today, as the fund-raising relief activities are continuing, we should organize these activities effectively. The people are very enthusiastic, but donations should follow the principle of volunteerism and appropriate ability while quota-setting and competitions should be shunned. The departments concerned should do a good job of remitting and delivering the cash donations and relief goods, raise work efficiency, simplify work procedures, resist all types of formalist undertakings, and ensure that the relief goods will arrive promptly, accurately, and safely into the hands of the people in the disaster-stricken areas.



The floods pose a serious challenge. In the face of such grave challenge, the Chinese people have displayed boundless heroism and lofty integrity as they once again demonstrated the strong cohesive force of our Chinese nation. This is a great force that can triumph over great disasters and calamities and produce man-made miracles. It is believed that under the leadership and command of the party Central Committee and the State Council and the support of the people of the entire country, the people of the disaster-stricken areas, by fostering the spirit of self-reliance and hard work, will definitely win the final victory in recouping production through self-help and rebuilding their homes.

### Death Toll Reported

HK0208131691 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0926 GMT 2 Aug 91

[Report: "Death Toll in East-China's Flood Disaster Reaches 2,078"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 2 Aug (ZHONGGUO XINWEN SHE)—A spokesman of the Chinese Red Cross Society said today that according to the latest figures, the death toll in east China's flood disaster has reached 2,078.

A report of the Jiangsu Red Cross Society said that great difficulties remain in the flood-stricken areas. Of the more than 4 million flood victims who need to be settled immediately, more than 2 million are still waiting for arrangements. Due to the lack of communications and transportation, it is still very difficult for many villages which have been surrounded by water for a long time to obtain relief materials. Water sources in flood-stricken areas have been seriously polluted. In addition, due to the hot weather in summer, the tasks for disease prevention and treatment are very arduous.

Sun Baiqiu, vice president of Chinese Red Cross Society, who has just returned from the flooded areas, pointed out that a pressing matter now is to enable the people in flooded areas to have clean drinking water. For this reason, a large quantity of water purification devices and bleaching powder and a large quantity of disinfectants and sprayers are urgently needed. It is necessary to seek more underground water sources at the same time. She said: The flooded areas are badly in need of ambulances, and the medical equipment and instruments in the destroyed hospitals and clinics need to be replenished immediately. It is also necessary to purchase medicines and devices as soon as possible in order to eliminate epidemic diseases and improve the disease-prevention environment of the flooded areas. Flood victims' medical problems should also be solved promptly.

It was reported that more than 18,400 Red Cross medical teams have been sent to the flood-stricken areas in Jiangsu, Anhui, Hebei, Henan, Zhejiang, Hunan, Guizhou, and Sichuan, and more than 2.24 million people have been saved.

### Leaders Take Sides in He Xin 'Scandal'

HK0208064891 Hong Kong CHENG MING in Chinese  
No 166, 1 Aug 91 pp 16-17

[“Notes on Northern Journey” article by Lo Ping (5012 0393): “Wang Zhen Backs Up He Xin”]

[Text] “As the CPC marked the 70th anniversary of its birth, a middle-aged scholar asserted that the mass base on which the CPC relies for its survival will become broader and its links with the people tighter in the next 10 years. In this sense, he is convinced that new developments will appear in democracy within and outside the party.”

This was the first paragraph in the article “Interview and Conversation with He Xin.” The article was given prominent coverage on the theoretical page of 15 July RENMIN RIBAO. At that time, the Hong Kong media was countering He Xin's vicious attacks and threats against some Hong Kong newspapers. Evidently, the remarks used by He Xin to attack the Hong Kong media and in effect undermine the confidence of Hong Kong people (He Xin presented a resolution to the CPPCC at the end of May and called a press conference on 10 July where he accused some Hong Kong newspapers of attacking and slandering him and CPC leaders. He also asked the mainland courts to handle related cases of investigation and extradition. Other cases will be taken up after 1997) have the support and appreciation of certain top level people.

### Did Yao Yilin Encourage He Xin to Present the Resolution?

Which top level people?

Those already known are Wang Zhen, Bo Yibo and other political elders as well as those who are close to them like Li Peng and Yuan Mu. It was reported that Yao Yilin was also one of He Xin's supporters and had encouraged him to present the resolution and call the press conference with the purpose of upsetting Hong Kong people and hitting at Deng Xiaoping's Hong Kong policy. However, this report has not been verified.

Another rumor claimed: He Xin has recruited the general secretary as a supporter. This is, however, 100 percent incorrect. Looking back at the “He Xin scandal” last December, it can be clearly noted that Jiang Zemin criticized He Xin. Jiang Zemin's view on the He Xin issue was miles apart from that of Wang, Bo and company.

### “Party's Mouthpiece” Tried To Tone Down He Xin Scandal

Six months ago, He Xin used a “conversation” with Japanese economist Yabuki Susumu to sing the praises of the socialist system, reject capitalism, and at the same time, attack the line of reform and opening up, suggesting that the CPC unite with Japan to oppose the United States. However, most of his views were forcibly imposed upon others. Then the scandal broke—after the “conversation” was published, Yabuki Susumu was very

angry about the fabricated "conversation" and wrote repeated letters of protest demanding a correction. It was reported that the CPC's media tried to resolve the issue through Japan-based organs and made this and that promise, but they did not succeed.

#### **Jiang Zemin Criticized He Xin's Article as "Childish"**

In fact, the publication of the "conversation" was also a scandal.

He Xin's article was first published in the three issues of BEIJING ZHOUBAO on 20 November, 27 November and 4 December. He Xin then took the initiative to look up RENMIN RIBAO director Gao Di and boasted that his article had been read and fully affirmed by Jiang Zemin, Yang Shangkun and Deng Xiaoping. Hearing this, the "leftist" director immediately ordered publication of the full text in the RENMIN RIBAO (11 December).

The publication of the article not only provoked strong protests from the Japanese scholar, but also widespread resentment in China's theoretical circles. In particular, the protest from Japan made it impossible for the Central Secretariat not to inquire about the matter. It was then that Gao Di found out that Jiang, Yang and Deng never saw nor "affirmed" He Xin's article.

Furthermore, Jiang Zemin even made the following criticism: "One look shows some questions to be very childish!" By this time, Gao Di felt more than ever that "he had been had" and quickly went to see Jiang Zemin in order to report on the circumstances before and after the article's publication as well as to assume responsibility for it.

At that time, Jiang Zemin also indicated that He Xin's article was a "political incident" and criticized He Xin for being "dishonest." Gao Di felt very bad about this affair.

#### **Wang Zhen Orders "Protection of He Xin"**

Indeed, He Xin was dishonest. After he had duped Gao Di, he immediately got hold of Wang Zhen, Bo Yibo, Wang Renzhong and other elders through relations and all kinds of channels—mainly through introductions by Yuan Mu, telling these old men that RENMIN RIBAO was going to publish the full text of his article and asking them for their opinions. Wang Zhen's reaction was quick and strong. He had learned that the crux of He Xin's article was an affirmation of socialism and of the communist party. Meanwhile, his secretary also reported that other people were fiercely attacking He Xin.

And so, even though Wang Zhen had not read the entire text of the article, he instructed his secretary to call up Jiang Zemin and say: "It is necessary to protect this kind of young comrade." Wang Zhen went on: "This article has logic and a basis, showing that socialism can triumph over capitalism. It is a good article the type of which has been rarely seen in these last few years!" Similar views were also advanced by Bo Yibo and Wang Renzhong.

At this time, He Xin was very pleased and happy with himself.

#### **He Xin Promoted To CPPCC Member**

After Gao Di had been to Jiang Zemin, he found the directive from Wang Zhen, Bo Yibo and others and was at a loss as to what to do. Jiang Zemin had originally instructed that He Xin be dealt with internally, but once a few elders came out to put in their words, he found himself in an awkward position. Therefore, he could only instruct Gao Di to reduce the matter from big to small and from small to nil.

Subsequently, not only was He Xin not dealt with, but he became hotter and a CPPCC member under the vigorous promotion of Wang Zhen, Bo Yibo, Li Xiannian, Wang Renzhong and others.

#### **Wang Zhen: "Try To Suppress Reactionary Arrogance of Hong Kong's Media"**

As the advanced scout of the conservative faction, He Xin tried his best to surge on and came up with a performance attacking Hong Kong journals and threatening the Hong Kong people.

On the day (15 July) "Interview and Conversation with He Xin" was published in RENMIN RIBAO, Wang Zhen again sang the praises of He Xin and defended him. Speaking on He Xin's "intimidation" of the Hong Kong media at the press conference, he said: He Xin's "motivation is good. He possesses a strong love for the party and for socialism. By standing up to say a few words, he can suppress the reactionary arrogance of Hong Kong's news publications."

It is thus very clear who the supporters behind He Xin are.

#### **Li Ruihuan Boomed He Xin's Performance**

However, there was still somebody in the CPC's core hierarchy who booed and poured cold water on He Xin's performance. This person was Li Ruihuan. In a report to the Central Propaganda Department on external propaganda work, he instructed the following: The remarks made by a certain comrade at a (press) conference did not comply with the requirement for unity and stability nor with the requirements of the current central task. It also did not comply with the principle on the reunification of the motherland nor with the spirit of the realization of one country, two systems in Hong Kong, the Basic Law and the Sino-British Joint Declaration. Consequently, our newspapers should not have published them.

#### **He Xin Incident Exposes Sharpening Contradictions Within Party**

While Li Ruihuan did not name He Xin, it was nevertheless clear to everyone. A cadre from the propaganda department maintained that the "He Xin incident" will definitely spark off a new round of struggles within the party—a struggle between hardliners and nonhardliners.

From several incidents connected with He Xin, the following can be noted: Firstly, He Xin the "scholar" has become the pistol used by conservative elders to shoot at the policy of reform and opening up. Secondly, a sharp contradiction exists between the conservative elders and the more progressive leaders (like Jiang Zemin). Thirdly, a dignified general secretary often has to submit to the political elders. Gerontocracy is still very much alive. This must be the basis of He Xin's statement (from notes of "Interview and conversation with He Xin") that "the question of the CPC's collapse because of corruption is groundless."

### Dissident's Wife Decries Prison Conditions

HK0208134391 Hong Kong AFP in English 1310 GMT 2 Aug 91

[Text] Beijing, Aug 2 (AFP)—The wife of veteran activist Wang Juntao has called on Chinese dissidents to join together to help free her ailing husband and other political prisoners from conditions she described as intolerable.

"Wang Juntao and others are in misery and struggling in prison. Please give me your hands. Please lend me your strength to help him and save him from this mortal hell," Hou Xiaotian said in an open letter dated August 1.

The letter detailed the conditions under which Hou said the Chinese authorities were keeping Wang, who was sent to prison in 1989 in February after refusing to admit guilt for his part in the 1989 democracy movement.

According to his wife, Wang, 33, was growing increasingly ill with hepatitis in a damp prison cell less than four meters square (43.5 feet square) [as received].

Wang is forced to live with his own excrement in the poorly ventilated cell and his body is covered with mosquito bites, Hou said.

The only light and air coming into the cell is from windows five meters (16.5 feet) above floor level, she said.

"In this environment, it would be better to be dead than alive," she said.

Two years after the bloody suppression of the 1989 Tiananmen Square movement, Hou, 28, is the only dissident still willing to speak out publicly against China's legal system and the fate of its political prisoners.

Many dissidents here say they now believe the best course to democracy in China is to support reformists in government and to wait until the aging communist conservatives die.

Hou asked "international forces of justice" and dissidents here to join together and "share the responsibility together," asking, "How can you tolerantly sit aside?"

Wang was formerly deputy editor-in-chief of an economic weekly whose editor, Chen Ziming, was also sentenced in February to 13 years.

Both men were convicted of subversion and incitement with counter-revolutionary propaganda and, according to the official XINHUA news agency, "committed very serious crimes and have... shown no willingness to repent."

Wang participated in protests here against the Gang of Four in 1976 and was active in the Democracy Wall movement of 1978-1979.

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HK0208103391 Beijing RENMIN RIBAO in Chinese 31 Jul 91 p 6

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Article by the Investigation Group, Research Office, Central Commission for Discipline Inspection and Heilongjiang Provincial Commission for Discipline Inspection: "How to Grasp Both Economic Construction and Party Style Building—An Investigation in Zhaodong City, Heilongjiang Province"

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Article by Liu Jingyu: "Open a New Path of Countryside Encircling Cities and Armed Seizure of Political Power"

Article by Su Caiqing: "A New Book on Building Ruling Parties—reading *A History of Mao Zedong's Party Building Theory (The Socialist Period)*"

### Science & Technology

#### Jiang Zemin Views Sichuan Sci-Tech Developments

HK0108061291 Hong Kong WEN WEI PO in Chinese 31 Jul 91 p 3

[Article: "Attach Great Importance To, Vigorously Develop Science and Technology"; originally published

in TZU CHING (BOHEMIA, 4793 5427) Issue No. 8 (August)—first paragraph is editor's note]

[Text] This article is a very important speech made by General Secretary Jiang Zemin during his inspection tour of Sichuan on 22 April. We can realize from this speech the understanding and determination of the CPC leadership to rely on science and technology to revitalize the nation and make the country strong. We can also see the basic direction of China's scientific and technological development in the future.

The Seventh Plenary Session of the 13th CPC Central Committee put forward the proposal for formulating the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development. The Fourth Session of the Seventh National People's Congress [NPC] held not long ago adopted the Outline of the 10-Year Program and of the Eighth Five-Year Plan. As the second stage target of China's socialist modernization program is set and the tasks, principles, and policies are laid down, the entire party and the people of the entire nation should be determined, surmount the difficulties, and make strenuous efforts to realize our grand objective. Attaching great importance to and vigorously developing science and technology is a very important point in all our work. This is the key to, as well as guarantee for, fulfilling the Eighth Five-Year Plan and the 10-Year Program.

Now I would like to discuss four aspects of the issue.

### **I. Profoundly Understand the Marxist Viewpoint That Science and Technology Are Primary Productive Forces**

Science and technology are productive forces. This is one of the basic viewpoints of Marxism. Marx pointed out: "Productive forces include science," "social productive forces refer first to the scientific force." Engels said: "According to Marx, science is a revolutionary force pushing history forward," "it is a forceful lever in history," and "it is a revolutionary force of great significance." Both Marx and Engels believed that "modern natural science and modern industry have transformed nature as a whole," "the fusion of enormous natural force and natural science into the production process by large-scale industries will tremendously increase labor productivity." Marx also pointed out: Science has become an "independent factor" in the production process; it is the "producer of wealth," it itself is "real wealth." Marx and Engels lived in the 19th century and died by the end of the century. Their greatness can be judged from the profound theses they made on the role of science and technology at the time when atomic energy, microelectronics, and relativity were not yet known.

Following the crushing of the "gang of four," Comrade Deng Xiaoping reiterated that science and technology are productive forces at the crucial moment when the focus of the party's work switched to the socialist modernization program. He called for respecting knowledge and qualified personnel. Later, he further pointed out: Science and technology are primary productive forces.

This is a great contribution made by Comrade Xiaoping to our country and to Marxist-Leninist theory.

We are now carrying out the socialist modernization program. The fundamental task of socialism is to develop productive forces, and we must rely on science and technology to develop social productive forces. The establishment of the socialist system in China has created unprecedented fine conditions for developing productive forces and promoting scientific and technological progress. Only by relying on these conditions to rapidly develop science and technology and raise productive forces can we fully manifest the superiority of the socialist system and consolidate and develop socialism, and can China remain invincible in international competition.

The rapid development of modern science and technology has spread to all fields of social life, increasingly and deeply influencing the process of world economic and social development. From the next decade to the middle of the next century, new breakthroughs will be made in a series of new developing scientific and technological spheres, and our new understanding of new production techniques and natural phenomena will transform the outlook of the current industries and become an enormous force pushing history forward. We must be aware of this trend. After seeing the Chinese-made and designed "atmospheric circulation device No 1" at the Southwest Physics Research Institute and listening to reports made by veteran scientists, myriads of thoughts welled up in my mind. Controlled nuclear fusion is a sophisticated project in development of new energy sources. Once realized, all seawater on earth will become an enormous energy bank, which can be consumed by mankind for at least 10 billion years. Despite the difficulties in current engineering and technology, I am convinced that breakthroughs will be made one day.

Viewed worldwide, competition between countries is actually a test of overall national strength. In the world today, the increase in a country's overall national strength depends to a great extent on scientific and technological progress. International economic competition is increasingly manifested in competition involving science and technology, and qualified personnel. To win the competition, we must be determined to develop science and technology and to promote economic and social development. Comrades of the entire party, leading cadres at all levels in particular, should firmly foster the idea that science and technology are primary productive forces. It is also necessary to profoundly understand the Marxist viewpoint that science and technology are primary productive forces.

### **II. Fully Understand the Immense Role of Science and Technology in Promoting the Socialist Modernization Program**

The key to realizing the four modernizations lies in science and technology. None of our agricultural, industrial, and national defense modernization can be



divorced from the modernization of science and technology. In this sense, we can only rely on scientific and technological progress to promote and ensure the realization of the four modernizations.

**First, we must rely on science and technology to promote agricultural modernization.**

Agriculture is the foundation of the national economy and China's modernization program. We have to use cultivated land accounting for 7 percent of the world's total to feed a population accounting for 22 percent of the world's total. To realize socialist modernization, there must be great development in agriculture. Take grain production, for example. According to the targets of the Eighth Five-Year Plan and 10-Year Program, grain output should reach 900 billion jin (450 million tons) by 1995 and 1,000 billion jin (500 million tons) by 2000. In other words, we must pass two hurdles in the coming decade. To attain this goal, we must rely on science and technology to develop farm production, grain production in particular. Is this goal attainable? I am increasingly confident, following my Sichuan trip and talks held with agricultural experts, that as long as we make efforts, the goal can be attained. Our "magic weapon" is science and technology. The per mu yield has passed one ton in some localities, exceeding the national average by more than 100 percent. This shows that there are great latent potentials, and the key lies in tapping potentials of land. In recent years, many localities have transformed medium- and low-yield fields, rapidly increasing the per mu yield by 100 to 200 jin. The example of Sichuan's Leshan suburbs transforming 55,000 mu of medium- and low-yield land has fully proved this point. By saying that agricultural development must rely on policies, we mean to arouse the enthusiasm of the peasants. To guide their enthusiasm, we must stress science and technology. Only through scientific and technological input can we reduce blindness and achieve better results. By introducing new hybrid rice and wheat, and increasing output by a wide margin, Sichuan made big profits with little capital. Chen Zonglin, a peasant from Xingfu village, Dujiangyan, had a relatively high level of education. His family persisted in scientific farming and earned an annual income of over 10,000 yuan by contracting 5.6 mu of land. This shows that the peasants must take the road of boosting agriculture with science and technology to become rich.

China has limited land that can be reclaimed. To develop agriculture in the years ahead, we should rely mainly on tapping potentials and increasing the per unit area yield. There is plenty of scope for development in this regard.

—The potentials of land. An important way to tap potentials of land is to increase the multiple crop index. If the country's multiple crop index is increased by 1 percent, it would be tantamount to an increase of 15 million mu of cultivated land. Sichuan now has 70 million mu of ratooning rice, with a per mu yield of

over 100 kg. If the per unit area yield is further increased, the results would be better. In addition, there are around 1 billion mu of medium- and low-yield land which can be transformed. If 300 million mu can be transformed in 10 years, of which 200 million mu are used to grow grain, we can increase grain output by 20 to 30 billion jin.

—The potentials of improved varieties. Generally speaking, output can be increased by over 10 percent by using fine varieties. Professor Yan Ji and others of the wheat research institute of Sichuan Agricultural University achieved marked successes in breeding wheat. The fine varieties and derivatives developed by them in 1970 increased the wheat output from 300 to 400 kg. They also set a record output of 1,000 jin per mu in Sichuan's wheat producing areas. Now they are again breeding high-yield, early-maturing varieties of wheat. They also bred fine varieties of hybrid rice, which are grown in 230 million mu of land nationwide, accounting for one-third of the nation's total paddy rice fields. The per mu yield increased by over 50 kg. If the fine varieties can be spread to another 100 million mu of land, we can increase grain output by 5 billion kg.

It is particularly noteworthy that enormous progress is being or has been made in the field of biological technology. The breakthrough in the technology of gene transfer has made it possible for large-scale production of animals and plants with special functions, including lean-meat pigs, quick-growing fish, and test tube animals.

—The potentials of cultivation techniques. The use of plastic sheeting is quite popular nationwide. An increasing number of peasants have come to realize that the plastic sheeting technique can increase output of crops by a wide margin. In addition, we should pay attention to rational application of fertilizers and accelerative.

—Resisting natural disasters. According to statistics, from grain production to storage, there is a loss of 10 to 15 percent caused by plant diseases and insect pests; in cotton production, there is a loss of over 20 percent caused by plant diseases; the disease and death rate of hogs is 8 to 10 percent; and the death rate of poultry is 15 percent. If this problem can be resolved by relying on science and technology, we can gain a considerable amount of wealth.

Naturally, the task of agricultural development is arduous. In this regard, we should integrate scientific and technological development with deepened rural reform. We should continue to adhere to the contract responsibility system with remuneration linked to output, continue to perfect the dual operation system, and establish and improve the service system. In the service system, it is particularly necessary to offer scientific and technological services. We should never waver in the contract responsibility system with remuneration linked to output. As the peasants are very sensitive to this question, we should try to set their mind at ease.

**Second, we should rely on science and technology to attain industrial modernization.**

We should carry out economic construction in light of our own capabilities to maintain sustained, steady, and coordinated development of the national economy. To develop industry, we must maintain a certain growth and scope. Moreover, we should rely on scientific and technological progress and, in particular, attain better economic results. What are the difficulties of enterprises today? In a considerable number of enterprises, equipment is outdated and technology backward, product quality is poor and energy consumption high, the level of specialization is low, the pace of technological progress is slow, the ability to develop new products is limited, the products are outdated, overall economic efficiency is poor, and most of the enterprises are in a state of "large input, low output." All this clearly shows that China's relatively backward industrial technology is the main factor conditioning our industrial development. To promote industry in the coming decade and attain our goal, we should be determined to enhance scientific management, take the road of relying on scientific and technological progress, and bring industry as a whole onto the track of attaining better economic results.

1. Regarding the guidelines for industrial production, we should take resolute measures to put an end to the tendency of onesidedly seeking output value and quantity, and genuinely attach primary importance to enterprise technological progress, upgrading product quality, increasing product varieties, and improving economic efficiency.

2. In light of the principle of planned organization and voluntary combination, it is necessary to vigorously promote enterprise reorganization, association, and merger, and establish enterprise groups which transcend regions and departments. Within enterprise groups, it is necessary to rationally readjust the production structure and carry out specialized production. Of course, we should be prudent in merging enterprises of different trades. Viewed from economic development at the present stage, we should advocate specialized and mass production on the whole. If we seek "large and comprehensive" and "small but all inclusive" rather than specialization, it will be impossible to increase efficiency. Naturally, it will be appropriate to develop a small quantity and large variety of some products, software in particular.

3. Step up technical transformation of the existing enterprises. All trades and enterprises should work out technical transformation plans and, in particular, speed up technical transformation of the old industrial bases and backbone enterprises. Party committees, governments, and competent technological departments at all levels should create conditions in industrial policy guidance, capital, technology, and materials for enterprise technical transformation. The general direction of our reform is still to separate government administration from enterprise management, streamline administration and government departments taking charge of principles, policies, and macrocontrol and regulation.

Electronic information and technology play a great role of infiltration to various departments. It has been reported that electronic computers contribute to and play an important role in increasing the gross national product [GNP] of developed nations. The application of computers to design has brought about a revolution in design in all fields, which can reduce the cost of civil engineering design by 15 to 30 percent, shorten the period from product design to start of operation by 30 to 60 percent, put the reject rate within 10 to 20 percent, and increase the usage rate of equipment by 200 to 300 percent. The central authorities have decided to attach importance to the development of the electronics industry, step up its application in all trades and professions, and transform conventional industry. China has abundant labor resources which should be fully used. Automation should not be blindly pursued in places where labor can be used. However, automatic control of key equipment is necessary for improving product quality and this has nothing to do with saving labor.

We should pay earnest attention to the "quality, variety, and efficiency year" drive. The drive should be stressed for a year and continued in the years to come.

It is necessary to give full play to the technological strong points of ordnance enterprises and fully tap their scientific research and production potentials in order to serve economic construction.

**Third, we must rely on science and technology to modernize our national defense.**

Modernization of national defense also cannot be divorced from scientific and technological development. The Gulf war has enabled us to realize the role of science and technology in modern warfare. We do not believe in the theory that weapons alone decide the outcome of war. We hold that men rather than weapons are the factor which eventually determines victory in war. Sophisticated weapons, nevertheless, are important, and we should not ignore the science and technology factor. In the sphere of science and technology for national defense, we should focus our research on some key technologies. We should master these technologies to realize the military strategies in the new period and develop the modernization program as a whole.

**III. Correct Guidelines and Policies Are Necessary for Scientific and Technological Development**

1. By continuously implementing the principle that "economic construction must rely on science and technology, and science and technology must serve economic development," we should introduce reform of the scientific and technological system.

2. Regarding scientific and technological work at the three levels of applied technology research, high technology research, and basic research, it is necessary to make overall planning; rationally distribute forces; and promote all-around development of China's economy, science, and technology. As economic construction is the

main battlefield of our scientific and technological work, we should speed up the process of turning scientific and technological achievements into productive forces. It is necessary to keep abreast of the world's new technological development and focus our development on high technology and high-tech industries. We should attach importance to and earnestly strengthen basic research. We will have no staying power if our basic research is weakened. Both basic and applied research should be focused on development. In other words, scientific research should be closely integrated with production.

3. While relying on our own efforts, we should pay attention to introducing advanced foreign technology. Real, high, and precision technology cannot be purchased even at a high price. We must bring credit to the Chinese people and have a foothold on self-reliance. Only in this way can we have the condition to import advanced technology. It is necessary, moreover, to open up to the outside world and constantly expand our scientific and technological exchanges and cooperation with other countries. We should at the same time take note of assimilation and innovation in order to increase our capacity for self-reliance.

4. One of the essential means to make the most of scientific and technological forces in all fields is to continue to closely integrate science and technology and education with production.

5. We should concentrate forces to fight a war of annihilation. This is the successful experience drawn from the making of two bombs and one satellite. While conducting scientific research work in the years ahead, such as microelectronics technology and biological engineering, it is necessary to strengthen unified leadership; concentrate superior forces; fight in coordination; and put the limited human, material, and financial resources to use where they are needed most, and increase efficiency. We must pay attention to the role of technological experts and scientists and duly give them personal honor. In ideological and political work, we should advocate the "great harmony and coordination" proposed by Chairman Mao during those years, lay emphasis on collective wisdom, and correctly guide and appropriately resolve the problem of scholars scorning each other in units with large numbers of intellectuals.

#### **IV. Strengthen Party Leadership Over Scientific and Technological Work, Correctly Implement Policies**

Party committees and governments at all levels should earnestly attach importance to and strengthen scientific and technological work and place this on their agenda. In connection with the targets and task of the Eighth Five-Year Plan and 10-Year Program, we should put scientific and technological development in a top position of economic and social development.

The key to accelerating scientific and technological progress lies in stabilizing and perfecting policies for

promoting scientific and technological progress, which should be ensured in planning, mechanism, capital, and reward policies.

We should show concern for and cherish the ranks of scientists and technicians. The ranks are good, on the whole, and the majority of them love the motherland, the people, the party, and socialism. They have closely linked their destinies to the building of socialism with Chinese characteristics, and many of them have made outstanding contributions. They deserve respect and appreciation. The scientific and technological personnel of the older generation have, in particular, set an example in carrying forward the sacrificial spirit of giving their lives for the interests of the nation and country. We should use the personal experience of veteran scientists to educate young scientists, stimulate their sense of national pride and patriotic spirit, and encourage them to take the road of integrating themselves with workers and peasants and to practice. We should, meanwhile, do our utmost to improve gradually the working and living conditions of scientists and relieve them from trouble back home so that they can concentrate on scientific research.

It is necessary to foster in the entire society a good style of respecting knowledge and qualified personnel and criticizing and correcting the ideas and acts that look down upon knowledge and cause a waste of qualified personnel.

#### **Beijing Sci-Tech Consultation Center Set Up**

*OW3107082191 Beijing XINHUA Domestic Service in Chinese 0944 GMT 30 Jul 91*

[Report by Huang Wei (7806 1218): "Beijing Establishes Center for Scientific and Technological Consultation"]

[Text] Beijing, 30 Jul (XINHUA)—The Beijing Scientific and Technological Consultation Center, a "match-maker" organization specializing in bringing into reality superior scientific and technological potentialities in the Beijing area and providing such services as consultation, coordination, and research and development to the economic sector, was established in Beijing today.

The Beijing Scientific and Technological Consultation Center is a public welfare service organization affiliated with the municipal branch of the China Association for Science and Technology. Its tasks are to promote technological advancement in large- and medium-sized enterprises and to help small- and medium-sized enterprises, village and town enterprises, and self-employed scientific and technological enterprises grow by taking advantage of the fact that scientific cooperation can be conducted among various departments, trades, and branches of study; by making use of the scientific and technological forces in all fields of endeavor in the Beijing area; and by vigorously spreading the application of new, advanced technologies. Meanwhile, it will also conduct technical training by making the tapping of intellectual resources its central task, and will train qualified personnel.



Consultation Center Director Zhou Kaining said: The center's primary task will be organizing scientific and technological personnel to tackle the technical problems encountered by the key enterprises in their production in the 18 districts and counties in Beijing's suburbs. Meanwhile, it will also assist Yantai City and Weihai City to proceed with consultations, expositions, and demonstrations in their general planning.

#### **New Book on Role of Science, Technology Published**

OW3107081191 Beijing XINHUA Domestic Service  
in Chinese 1100 GMT 30 Jul 91

[Text] Beijing, 30 Jul (XINHUA)—The first collection of works dealing with the subject of science and technology constituting a primary productive force has been published by the Shandong Science and Technology Publishing House.

The book was jointly compiled by the State Science and Technology Commission, the China Association for Science and Technology, the office of KEJI RIBAO [SCIENCE AND TECHNOLOGY DAILY], and the Central People's Broadcasting Station. It contains General Secretary Jiang Zemin's speech at the Fourth National Congress of the China Association for Science and Technology on 23 May 1991; Ren Guojun's article "March Toward A New Revolution in Science and Technology"; and articles by Qian Xuesen, Qian Sanqiang, Zhou Guangzhao, and other pertinent leaders and celebrated scholars. Also included are some prize-winning articles in the seminar and essay contest held early this year on the subject of science and technology constituting a primary productive force.

At a forum held today on the publication of the book *Science and Technology Constitute a Primary Productive Force*, Li Xiaoshi [2621 2400 2514], vice minister of the State Science and Technology Commission, gave an account of the process of compiling this book. Responsible persons from the departments concerned as well as experts and scholars, including Yan Jici, Xu Weicheng, and Ye Zhengda, attended the forum.

After summing up the new trend and experience in the development of the world's economy, Comrade Deng Xiaoping put forward the thesis that "science and technology constitute a productive force—a primary productive force." This thesis, all participants in the forum said, shows the innovative role of science and technology in promoting the contemporary productive force in our social and economic development, and will be of vital significance to our country's modernization. They said that the urgent task at present is to raise all people's awareness of the role of science and technology and see to it that this thesis is known and comprehended by more people.

## **Military**

### **Yang Shangkun Inscribes Military Books**

#### **On Long March**

HK0108072191 Beijing RENMIN RIBAO in Chinese  
26 Jul 91 p 3

[Report by reporter Zhou Qing (0719 1987): "Yang Shangkun Writes Title of Book on Long March; Nie Rongzhen, Others Write Inscriptions"]

[Text] Beijing, 25 Jul—The 600,000-character book *The Great Long March* records, for the first time, all aspects of the entire process of China's Workers' and Peasants' Red Army with detailed descriptions.

The caption of this book, which is put on sale in the capital on the eve of the Army Day of 1 August, was written by Yang Shangkun and proofread and revised by Xu Xiangqian when he was still sick. Nie Rongzhen, Xiao Ke, and others also wrote inscriptions on it.

The book reflects the major military operations of the First, Second, and Fourth Front Armies and records the battle history of the 25th Army and the Northern Shaanxi's Red Army. It also writes about the arduous and outstanding struggles of the guerrilla in the eight provinces of southern China, the anti-Japanese allied forces, and the underground workers in the Kuomintang Party-controlled area and about their influence on the Red Army's success in the Long March.

The book was arranged and compiled by the "Great Long March" Editorial Committee and is published by the Shaanxi People's Publishing House.

#### **On Frontline 'Heroism'**

OW0108081791 Beijing XINHUA Domestic Service  
in Chinese 1300 GMT 31 Jul 91

["Ceremony Held in Kunming To Mark Inaugural Issue of Book *A Monument for Heroes*—XINHUA headline]

[Text] Kunming, 31 Jul (XINHUA)—A ceremony was held in Kunming today to mark the inaugural issue of the book *A Monument for Heroes: An On-the-Spot Report on the Support Rendered to the Frontline by the People of Yunnan Over the Past Decade*, together with its large picture album. The title of the book bears the inscription of Yang Shangkun, president of the PRC and first vice chairman of the Central Military Commission.

*A Monument for Heroes* gives a comprehensive account of the achievements scored and the experiences gained by the people of Yunnan in giving their support to the frontline over the past decade, and eulogizes the patriotism, revolutionary heroism, and spirit of selfless sacrifice of the people of all nationalities which was aroused during the trials of blood and fire. The responsible persons of the party, government, and military of

Yunnan Province, together with leaders and combat heroes from some units of the whole Army, attended the inaugural ceremony.

### **Chi Haotian on Military Laws, Regulations**

*OW3107012291 Beijing Central People's Radio Network in Mandarin 2230 GMT 30 Jul 91*

[Speech by Chi Haotian, chief of the PLA General Staff Department, during an interview with Beijing Radio's "Forum on Military Laws and Regulations"; from the "Military Life" program—recorded]

[Text] Comrades:

A number of new military laws and regulations were promulgated and implemented one after another to meet the needs of [words indistinct] and army building in recent years. After being appointed chairman of the Central Military Commission in April 1990, Comrade Jiang Zemin, of the Political Bureau of the CPC Central Committee, signed and promulgated many new military laws and regulations in as little as two months. The like of this step of his never has been seen before in the history of our Army. It fully demonstrated the determination of the Central Military Commission to administer the Army in accordance with the law. Administering the Army in accordance with the law is an important ideology for us to promote army building in the new period. It was an instruction given by Comrade Deng Xiaoping to strengthen the legal system in our country in an all-around way, while advocating the ideology of promoting democracy and improving the legal system. While paying attention to strengthening the legal system in the country, Comrade Deng Xiaoping attached great importance to strengthening the legal system in the Army. When he was chief of the General Staff Department in 1975, he stressed the need to restore, establish, persist in, and maintain the system in our Army, attach importance to it in all fields of endeavor pursued by the Army, and conduct education in the legal system among all commanders and fighters in the Army.

In recent years, leading comrades of the Central Military Commission repeatedly stressed the need to establish and improve military laws and regulations and to administer the Army in accordance with the law.

In 1986, Comrade Yang Shangkun, vice chairman of the Central Military Committee, pointed out: A modernized army requires a higher level of regularization. Building a regularized army, requires much work, but the most fundamental thing is to establish and improve rules and regulations, and to perfect military laws and regulations. We should educate the whole Army to strictly implement those rules and regulations. We should administer the Army in a standardized and scientific manner.

Leading comrades of the party Central Committee and the Central Military Commission have stressed repeatedly the need to administer the Army in accordance with the law. This is an important guideline for promoting the

modernization of our Army. Under the new historical conditions, our Army has further improved discipline. Soldiers must have a high sense of centralism based on democracy. They should be politically qualified and militarily skillful, with a fine style of work and good discipline. These requirements cannot be fulfilled without sound military laws and regulations.

[Words indistinct] good discipline of soldiers depends on military laws and regulations. Military laws and regulations are the basis for setting strict demands on the Army and strengthening army building. Through more than 60 years of development, our Army has become a people's army of combined forces with powerful fighting capability. The building of a modernized army is a complicated thing and should be done in a systematic manner. We must administer the Army in accordance with law, must turn the Army into one of concerted action, and must do a good job in building a modernized and regularized army. This is the special requirement in the new period. To persist in administering the Army according to law, we must constantly study and educate soldiers on military rules and regulations. Not long ago, the Central People's Radio Network and the General Staff Department jointly sponsored a lecture series on military laws and regulations. Extensively publicizing and implementing military laws and regulations throughout the country will be very significant for strengthening the study of military laws and regulations by the broad masses of officers and soldiers; for enhancing their consciousness of observing military laws and regulations; and for promoting the revolutionized, modernized, and regularized building of our Army. Besides, the work also will have a bearing on helping people throughout the country understand military knowledge and strengthen their sense of national defense.

I hope that, through publicizing and popularizing military laws and regulations, we can further strengthen the people's sense of national defense, and show concern for national defense and the Army. In peacetime, people should fulfill their obligations to perform military service in accordance with the law and to promote revolution and construction [words indistinct].

I am convinced that, with the vigorous support of people throughout the country, if we work with concerted efforts and seriously implement military laws and regulations, we certainly can achieve success in improving discipline in accordance with the law and in promoting the building of our Army in a steady manner.

### **Chi Haotian Writes National Defense School Name**

*OW0208082691 Shanghai People's Radio Network in Mandarin 2200 GMT 30 Jul 91*

[From the "Morning News" program]

[Text] Shanghai's first National Defense Education School was completed yesterday in Pudong New Area. General Chi Haotian, chief of General Staff of the People's Liberation Army, wrote the name for the school.

The school's facilities, which were built with fund allocated by the Huangpu District CPC Committee and Government, includes a hall for exhibiting pictures about national defense and a room for displaying weaponry.

### Civil Affairs Official Hails Two-Support Work

HK3007130691 Yinchuan NINGXIA RIBAO  
in Chinese 7 Jul 91 p 2

["Abridged version" of speech by Yan Mingfu, vice minister of civil affairs, at Ningxia Regional two-support meeting on 5 July]

[Text] Yan Mingfu, vice minister of civil affairs, delivered an important speech at a 5 July Ningxia regional title-honoring meeting to commend those who had made contributions to the two-support drive [movement to support the Army and give preferential treatment to families of revolutionary soldiers and martyrs, and to support the government and cherish the people]. The following is an abridged version of his speech:

This regional title-honoring meeting to commend those who have made contributions to the two-support drive, jointly sponsored by the Ningxia Hui Autonomous Regional CPC Committee, the regional People's government, and the Ningxia Military District, has been imbued with a lively atmosphere from beginning to end. This is a grand occasion for outstanding people and heroes to meet each other; a grand meeting to sing the praise of unity between the Army and the government and between the Army and the people, and to promote the lofty feelings between the people and the Army; and a rally to exchange experience and to further enhance the two-support work. This meeting is bound to have important influence on the further development of the two-support work in the Ningxia Hui Autonomous Region and promotion of political, economic, and social stability in the northwestern border areas of China.

Ningxia Hui Autonomous Region used to be the seat of the well-known Shaanxi-Gansu-Ningxia revolutionary base and one of the cradles of the two-support work. This region has a long tradition and glorious history in the two-support work. When the Chinese Workers' and Peasants' Red Army headed by Comrade Mao Zedong arrived in Ningxia on the Long March in 1935, the masses of Hui and Han people entertained them as their relatives. They welcomed Red Army fighters with food and drink, voluntarily offered them accommodations, and supplied them with Army provisions. In the Anti-Japanese War and the Liberation War, the Army and the people fought bravely side by side, won one battle after another, and made great contributions to the victory of the revolutionary war. After the founding of the PRC, the Army units and the people in Ningxia worked together with one heart and one mind in the socialist revolution and construction, thus opening a new chapter in the social development and economic prosperity in Ningxia. Since the Third Plenary Session of the 11th

CPC Central Committee, Ningxia has experienced several upsurges in the two-support drive. In particular, during the struggle to stop turmoil and quell counterrevolutionary rebellion, the Army units and the people in Ningxia steadfastly sided with the CPC central authorities, firmly supported and implemented a series of important decisions adopted by the central authorities, stood fast at their posts, worked hard to promote production, and thus preserved social stability and promoted stability and unity in minority nationality areas. Ningxia Hui Autonomous Region has done an excellent job in the two-support work. This is reflected primarily in the following aspects:

1. Two-support organizations have been established, consolidated, and improved, and the leadership over the two-support work has been strengthened. Leading groups for two-support, formed by principal officials of Army units, local governments, and departments concerned, have been set up at all levels, from the regional to prefectural and city level authorities. Plants, mines, enterprises, service units, schools, neighborhood organizations, townships, and towns have also set up their own organizations for two-support. A leadership network has thus taken shape, in which different parts at all levels are well organized, closely linked, and appropriately taken care of. Since 1980, a total of 22 regional party standing committee meetings and government routine meetings have been held to specially discuss the two-support work which has been listed in the region's general plan for social and Army development. Throughout the region, then, an operational mechanism for two-support has been constantly improving, the scope of the drive has been continuously expanded, the content has been constantly enriched, and greater and greater successes have been achieved. A new situation in the two-support work has emerged.

2. The guideline laid by the national conference on the two-support work has been conscientiously implemented. As soon as the national conference on the two-support work closed, the regional party committee and government organized their staff to conscientiously study documents concerning the conference and promptly relayed the conference's spirit through various channels. A regional conference on the two-support work was held in mid-March to formulate the criteria for model two-support cities (counties) and the plan on the two-support work for the Eighth Five-Year Plan period. This region has thus done well in integrating the relaying and study of the spirit of the national conference on two-support with the emulation of models in two-support, integrating the enhancement of understanding with the formulation of the two-support plan, and combining the publicizing of the conference's spirit with the promotion of two-support activities. A new situation characterized by a boom in the two-support work has emerged in this region. A big campaign was launched last year to promote model two-support cities (counties). Focus has been placed this year on the development of the two-support work in Yinchuan and Qingtongxia



cities, and conspicuous results have been scored; each prefecture or city has selected a county to vigorously promote the two-support work, and 20 advanced units and 10 outstanding individuals have been elected as models in the two-support work in the autonomous region. The election of model two-support cities (counties) has given rise to a vigorous campaign of emulating the progressive and competing to make greater contributions. This has led to the further in-depth development of the two-support work in this region and the general upgrading of the drive.

3. This region has done practical work in real earnest to assist the Army, as well as disabled servicemen and the families of revolutionary martyrs and servicemen, in solving real problems. In handling relations between the Army and the government, party committees and governments at all levels have adhered to the principle of preferential treatment to every Army unit, without discrimination. In handling the relations between the Army and the people, they have upheld the principle of being strict with oneself, but broad-minded toward the Army. In handling the relationship between local and Army affairs, they have always treated the latter as an important part of the duties of party committees and governments, and have placed them on the agenda, attaching equal importance to both Army affairs and to their own. Some job vacancies, for instance, have been set aside each year to accommodate family members of military officers who move along with Army units, and priority has been given to them in terms of the requirements for job applicants. Preferential treatment has been given to those family members of servicemen who move along with Army units and are looking for new jobs, and efforts have been made to offer them locally available job vacancies that suit their qualifications. Problems concerning housing for family members of servicemen who do not move along with Army units have been handled case by case. With regard to the resettlement of demobilized Army cadres, appropriate arrangements, such as reservation of vacancies and internal adjustment of positions, have been made to accommodate them. As for the resettlement of demobilized compulsory servicemen in urban areas, the system of contracted responsibility for job arrangement has been implemented. Army units that run businesses are subject to preferential treatment in terms of issuing of business licenses and tax payment. Preferential treatment has been given to disabled servicemen, as well as to the family members of revolutionary martyrs and servicemen, who are running productive business, in terms of granting of funds and loans and the provision of sites, technology, and business information as well. Every effort has been made to ensure the well-being of demobilized veteran servicemen who have returned to their hometowns, in terms of everyday life, housing, and health care. By and large, this autonomous region has done a great job and has led the country in two-support work.

4. Unity between the Army and the government and between the Army and the people has helped promote

nationality solidarity, and guarantees a steady development of political, economic, and social stability in Ningxia. Ningxia's people of both the Hui and Han nationalities take the unbreakable unity between the Army and the government and between the Army and the people as a great spiritual force; a banner of nationality solidarity; and an objective prerequisite for economic development, social stability, and the prosperity of the nation. The Army, the people, and the different nationalities unite with each other, share weal and woe, and work together harmoniously under the CPC's leadership. Every achievement by Ningxia is the fruit of the painstaking labor of the Hui and Han people and the People's Liberation Army [PLA], and the stability and development of Ningxia must be attributed to the joint efforts by the Army and the local people.

What I must mention here particularly is that the officers and fighters of the PLA units and armed police force stationed in Ningxia have always shown respect for the local people's government, and have always taken the initiative in propagating the party's line, principles, and policies among the broad masses. They have strictly implemented the policy toward minority nationalities and have observed discipline, respected the customs of minority nationalities, and shown concern and cherished deep affection for people of all nationalities. They "treat local people as their parents and treat the localities where they are stationed as their homes." All the PLA and armed police force units have actively supported local economic construction. They took part in the construction of Daba power plant, the Yinchuan-Gucheng highway, and more than 100 other projects, and have played a leading role in the construction of water conservation facilities; in afforestation and tree planting; in various operations to support production, help impoverished localities, fight natural disasters, and do relief work; and in many emergency, dangerous, and difficult missions, thus achieving immortal deeds in preserving social stability, promoting economic growth, and enhancing unity between the Army and the government, between the Army and the people, and between different nationalities in Ningxia. Having contributed to the development of material and spiritual civilization in the autonomous region, they enjoy the strong support and deep esteem of the people of all nationalities in Ningxia.

During this title-honoring meeting for the two-support work of the Ningxia Hui Autonomous Region, the spirit of the national two-support conference has been conscientiously relayed. Now that a campaign for the support work is on the upsurge throughout the region, the aim of this current meeting is to further implement in depth the guideline laid by the national two-support conference, to sum up experience, to formulate a plan and a series of measures in line with the region's own characteristics, and to ensure that they will be carried out properly. With emphasis on an implementation-oriented principle, I would like to discuss a few points:

First, it is necessary to strengthen propaganda and education, and to enhance a sense of the two-support work.

The enhancement of the sense of national defense and the spirit of supporting the Army and giving preferential treatment to families of revolutionary servicemen and martyrs, and of supporting the government and cherishing the people will provide an ideological basis for the two-support work. In this regard, Ningxia has offered a great deal of good experience and has produced good social effects. It is hoped that more efforts will be made to further the education in this spirit so that the people will have a still deeper understanding of these rules: Without a people's Army, the people will have nothing; if the Army and the people are united as one, no one in the world can match them; it is everyone's duty to support the Army and care for family members of revolutionary servicemen and martyrs; it is necessary to love the people, learn from the people, and serve the people; the Army and the people should work together with one heart and one mind, and should share weal and woe. We must make the entire Army and all the people in this region understand more profoundly that two-support work is a strategic task laid before the entire party and Army and before all the Chinese people of different nationalities, that it is a matter of great importance to our struggle against "peaceful evolution" and our efforts to consolidate our political power and preserve perpetual political stability in this country, and an important political guarantee for the fulfillment of the 10-Year Program and the Eighth Five-Year Plan, as well as for the development of socialist modernization.

Second, it is necessary to emphasize the grassroots level. Two-support work, as a social activity involving the public, requires us to mobilize and organize the vast number of servicemen and people to participate in it actively. For this reason, we must take the actual circumstances of different units and trades into consideration, try to fulfill the basic requirements—"consolidating organizations, implementing the policy, keeping up regular activities, developing harmonious relations"—focus our attention on construction, constantly enrich the two-support work while seeking appealing new forms. We must start by selecting model streets, townships and towns, enterprises, and schools that have made outstanding contributions to the drive to support the Army and give preferential treatment to the family members of revolutionary servicemen and martyrs, as well as selecting model companies that have done an excellent job in supporting the government and loving the people.

Third, we must do our best to give special care to disabled servicemen and to the family members of revolutionary servicemen and martyrs. We must conscientiously implement the "Regulations on Special Care for Disabled Servicemen and for the Family Members of Revolutionary Servicemen and Martyrs," the "Regulations on the Resettlement of Demobilized Compulsory Servicemen," the "Regulations on Commending and Rewarding Revolutionary Martyrs," and other rules and regulations concerned; appropriately perform our own duties; effectively mobilize and organize social forces to help disabled servicemen and the family members of

revolutionary servicemen and martyrs to solve all kinds of difficulties; make sure that their living standards are equal to or higher than the average local standards and that they will be improved along with those of other local people. It is necessary to make appropriate arrangements to resettle demobilized Army cadres and compulsory servicemen, do a good job in conscription operations, and speed up the development of units serving disabled servicemen and demobilized revolutionary servicemen and martyrs.

Fourth, it is necessary to promote the election and development of model two-support cities (counties). The development of model two-support cities (counties) and model cities (counties) in supporting the Army and caring for disabled servicemen and the families of revolutionary servicemen and martyrs is an important and effective way to improve two-support work as a whole. This election will help boost the two-support work not just in a few departments, trades, and units, but in a large social sector as a whole. Although this election was not started very long ago, it has shown great vitality. It is appreciated by the central leadership, and people of all nationalities have been playing an active part in it. Therefore, it is necessary for us to attach strategic importance to the development of model two-support cities (counties) and treat this task as a requirement for safeguarding the stability and development of the state and Army, and it is necessary for our leading comrades to place it on the agenda for the party, the government, and the Army. As far as practical work is concerned, we must set "high" targets and "strict" requirements, do a "meticulous" job, and strive to score "real" results. The development of model two-support cities (counties) is an undertaking in the interests of the state, the Army, and the people—a common political duty for both the Army and the locality. The Army and the locality, different units, and different departments within a unit should handle the relationship between partial and overall interests properly. All of them must set great store by this task, work conscientiously and responsibly, take the initiative to cooperate with each other, work out a unified plan, make unified arrangements, and act in unison. It is necessary to list the development of model two-support cities (counties) in the 10-Year Program and Eighth Five-Year Plan for Economic and Social Development, to combine it with economic construction and the development of spiritual civilization in both urban and rural areas, and with the development of the social productive forces and the enhancement of the Army's combat capability, so that it can better help us fulfill our central task.

Fourth, it is necessary to strengthen leadership and to promote unity between the Army and the government as an impetus to unity between the Army and the people and to nationality solidarity. The party's basic line of "one center, two basic points" is the political basis for unity between the Army and the government and between the Army and the people. As far as the two-support work is concerned, the key responsibility lies in

leadership. Ningxia Region's experience has shown that when the Army units and the local government in a prefecture or city are united, their good relations can have a good influence on the locality and on all other sectors, and make it possible to solve problems with a larger scope, thus helping to promote unity between the Army and the people. Therefore, in strengthening two-support work we must pay special attention to unity between the Army and the government. We must promote unity between the Army and the people with unity between the Army and the government, and then enhance nationality solidarity with the strong unity between the Army and the government and between the Army and the people.

Comrade Jiang Zemin has emphasized repeatedly that the Chinese people of all nationalities must "share a common fate and unite as one." His remark profoundly reflects the innate characteristics of the great unity among the Chinese people of all nationalities, vividly depicts the flesh-and-blood ties between the Army and the people, and sets a higher standard for unity between the Army and the government and between the Army and the people. We certainly must implement this general principle conscientiously, and must make a new breakthrough in organizing and exercising leadership over two-support work, in promoting cooperation between the Army and the locality, and in mobilizing all the resources of society to achieve our goal, thus further upgrading the unity between the Army and the government and between the Army and the people, as well as nationality solidarity, in Ningxia Hui Autonomous Region!

#### **General Political Department Official Visits Tibet**

*OW2807024191 Lhasa Tibet Television Network in Mandarin 1200 GMT 27 Jul 91*

[From the "Tibet News" program]

[Text] On the afternoon of 26 July, Major General Li Jinai, deputy director of the PLA [People's Liberation Army] General Political Department, received cadres at and above divisional level of the Tibet Military District and cadres at and above regimental level of PLA units stationed in Lhasa City.

Jiang Hongquan, deputy commander of the Chengdu Military Region; Liu Shichu, deputy director of the Political Department of the Chengdu Military Region; and leading officers of the Tibet Military District were present at the meeting.

Deputy Director Li Jinai said: All officers and soldiers of the Tibet Military District have made important contributions to defending Tibet's frontier areas and promoting construction in the autonomous region. He called on all officers and soldiers to carry forward the spirit of veteran cadres of Tibet and win new merits in building a united, civilized, and prosperous socialist new Tibet.

In the evening, Deputy Director Li Jinai and leaders of the Chengdu Military Region and the Tibet Military

District saw a performance by the cultural performance team of the Tibet Military District. Deputy Director Li Jinai called on the performers to work hard to enrich cultural life of PLA units and foster the idea of serving the grassroots-level units.

#### **Shandong Meeting on Settling Retired Servicemen**

*SK3107092891 Jinan Shandong People's Radio Network in Mandarin 2200 GMT 30 Jul 91*

[Text] On 30 July the Organization Department of the provincial party committee and the provincial Personnel Bureau invited comrades of departments concerned of the Jinan Military Region, the Air Force of the Jinan Military Region, the provincial military district, and the provincial Armed Police Force to a forum to solicit their opinions on settling retired servicemen who want to be transferred to civilian jobs.

This year, after the all-army work conference on settling retired servicemen, the party committees and governments of various cities and localities attached great importance to this work and studied ways to implement it over time. The Organization and Personnel Departments, as well as departments in charge of settling retired servicemen at all levels, acted in line with the principle of keeping the guidelines and the policy and priority of settling retired servicemen unchanged, and conscientiously grasped the implementation of various policies concerning the settlerment work. The process of this work has been smooth. Our province basically finished settling approximately 2,800 retired servicemen and army cadres.

At the forum, the participants also offered valuable opinions on doing a better job in settling the retired servicemen who want to be transferred to civilian jobs.

#### **Air Force Enhances Combat Strength**

*OW3107130791 Beijing XINHUA Domestic Service in Chinese 0214 GMT 31 Jul 91*

[By RENMIN RIBAO Reporter Li Chenchua (2621 2052 5478) and XINHUA Reporter Sun Maoqing (1327 5399 1987)]

[Text] Beijing, 31 July (XINHUA)—Since the strategic changes in the guiding ideology for army building, the People's Air Force has carried forward the revolutionary spirit of arduous struggle and making accomplishments, and insisted on exploration and moving ahead during reform. The combat strength of units has improved sharply, and flight safety has continued to rank among the best in the world for five consecutive years, opening the way to strengthening our country's Air Force which has its own characteristics.

In recent years, the Air Force party committee has resolutely implemented the guiding ideology and general and specific policies of the party Central Committee and the Central Military Commission regarding army building during the new era, firmly accorded importance



to education and training, and vividly put forward the guiding military ideology of the Air Force, which is line with the strategic changes during the new era, namely, "to uphold reform, improve efficiency, advance steadily, and ensure safety." In this regard, the Air Force throughout has set out the goal "toward the world, toward the future, and toward modernization." It has put forward, and accomplished, some 100 major reforms with the systems, contents, methods, and regulations of education and training, with efforts to build up the ranks of pilots, and with logistics and air engineering.

After several years of reform and exploration, the Air Force has developed a new system for training pilots, namely, flying school-training base-combat unit. After implementing this system, the time required for pilots to reach the level of flying in four kinds of weather was shortened by about two years. In order to adapt to the needs of modern warfare, the Air Force has courageously reformed the contents, methods, and means of training; thoroughly revised training programs, technical standards, and teaching materials for the different arms, aircraft, and specialized professions by focusing on efforts to improve the overall combat capability of the troops; and introduced modern simulated training using laser and electronics in many areas of training. On top of this, the Air Force has formulated and announced a new set of training regulations, based chiefly on the flight training regulations, in the bid to regularize training according to laws and programs.

Another outstanding feature of reform in the Air Force is the strong effort to improve the quality of personnel. Currently, the corps, divisional, and regimental commanders of all aviation units of the Air Force are "all-weather" pilots. The youngest regimental commander is 32 years old, the youngest divisional commander 36, and the youngest corps commander 42. Most of the divisional and regimental commanders are capable of staying ahead in new and difficult subjects and taking the lead in difficult missions, and are truly "file leaders" of the blue sky. In recent years, group after group of pilots proficient in foreign languages has taken to the sky, and many pilots are university graduates, capable of flying in three kinds of weather. According to briefings, beginning this year, all the graduates of flying (navigation) schools will have university-level qualifications and three-weather flying capability. The new generation of university-graduate pilots will soon become the main body of the People's Air Force.

The Air Force has overfulfilled its target of flying time for the first half of this year, and 63.1 percent of combat regiments have reached the standard of "all-weather" combat training. The average achievements of 91 percent of the aviation regiments in attack, interception, and live bombing have been good or better. While maintaining last year's momentum of flight safety, the Air Force has also set a new record in this regard. The various units have actively unfolded combined training by several arms under the conditions of modern warfare; tactical training in long-range raids, by day or night, as

well as rescue operations in highland, jungle, desert, and sea; and aerial combat training under conditions of nuclear and chemical warfare. They have also explored new tactics and techniques of future warfare, and the overall combat strength and rapid reaction capability of the troops has improved sharply.

In compliance to the call of the party Central Committee and the Central Military Commission, the Air Force party committee has made serious efforts to ensure the success of ideological and political work for the troops, resolutely unfolded education on upholding the four cardinal principles and the party's absolute leadership over the armed services, truly strengthened efforts to build party committees at regimental level and above, as well as at the grassroots, and worked hard to improve the standard of Marxism among leading cadres of all levels, especially those in the middle and upper levels, to enable the troops to maintain a correct political orientation and to ensure that the combat strength of the troops are improved and the various missions fulfilled.

On the eve of "August 1", Air Force Commander Wang Hai and Political Commissar Zhu Guang granted an interview to reporters. While speaking of the development of the Air Force, they said: The party Central Committee and the Central Military Commission accord extreme importance to the building and development of the Air Force. We shall continue to resolutely uphold reform and innovation, work hard to build the Air Force into "crack troops of the sky" who are well armed and well trained, can provide effective assurance, react quickly, and possess great combat strength with a view to making fresh contributions to the defense of the air space of the motherland, and safeguarding world peace.

## Economic & Agricultural

### Reports on Debt Problems, Countermeasures

#### Zhu Rongji Chairs Talks

OW0108215791 Beijing XINHUA Domestic Service  
in Chinese 0816 GMT 1 Aug 91

[Text] Shenyang, 1 Aug (XINHUA)—The State Council's Leading Group for Clearing Debt Default held a meeting here yesterday. The meeting attendees reviewed progress in clearing the debt chain at selected units in three provinces and four cities in Northeast China, and they studied and mapped out measures for accelerating the work. They also discussed the rectification of order in commodity transactions and the strict enforcement of rules and regulations in settling accounts.

A briefing by the Office of the Leading Group defines the guiding principle for the pilot project of clearing the debt chain as follows: With an aim to find a permanent solution to the problem, vigorous efforts should be made to stop the source of debts, while avoiding new purchases, new gluts of products, and new deficits, thereby avoiding new debts. The main tasks of the pilot project



are, first, to find out how and why units have borrowed money from one another and to study measures for stopping debts originating from funds earmarked for fixed assets; and second, to find solutions to problems and to study ways for raising funds and effectively using them to break the chain, so as to gain experience for promoting the work of clearing the debt chain throughout the country.

Zhu Rongji, vice premier of the State Council, chaired the meeting. He said: The State Council has attached great importance to, and is determined to make this pilot project a great success.

Zhou Zhengqing, deputy head of the Leading Group and vice governor of the People's Bank of China, said: We should create public opinion and energetically publicize the need to clear the debt chain. This time we must be serious in reinforcing discipline in settling accounts. Enterprises in arrears with debt payments must pay an overdue fine so that no one will profit at the expense of others. We should improve rules and regulations, reinforce discipline, and perfect means for supervising the settlement of accounts. We should select and sternly punish typical examples of units and individuals who have intentionally defaulted on debts and refused to pay their debts without good reason. Banks in all localities should stringently enforce the system of imposing penalties for overdue payments.

Liaoning Governor Yue Qifeng and Vice Governor Wen Shizhen, Vice Governor of Jilin Liu Xilin, and Vice Governor of Heilongjiang Cong Fukui gave reports at the meeting.

### Debt Association Founded

HK0208070291 Beijing CHINA DAILY in English  
2 Aug 91 p 2

[By staff reporter Yuan Zhou]

[Text] A national guild of securities brokers and traders was launched yesterday in Beijing as a way to regulate the booming market in government treasury bonds.

At present, the National Debt Association of China constitutes a union of about 300 of the most important Chinese financial institutions which are responsible for issuing and selling the government bonds.

Vice-Finance Minister Xiang Huaicheng, who is chairman of the association, said its major task was to assist government departments in implementing state financial policies.

He said that the financial institutions which specialized in trading the state debt, which number about 800 and employ over 100,000 people, had played an active role in the protection of buyers' interests and the maintenance of normal sales orders.

China has issued more than 100 billion yuan (\$18.8 billion) of treasury bonds since 1981. It is an important way for the government to raise funds.

By the end of the first half of this year, Xiang said, a total of 20 billion yuan of government treasury bonds had been traded since 1988 when China first experimented with this sort of debt. The figure accounted for 90 percent of the total trading volume of the domestic securities market.

In the past, bond sales were conducted largely on an administrative rather than on a voluntary basis.

Partly because of a newly-installed underwriting system, state financial officials have projected a 55 percent increase this year in sales of government treasury bonds.

In April a syndicate of 58 financial institutions across the country reached a deal with the Ministry of Finance to sell 2.5 billion yuan of state treasury bonds this year.

Zhang Jialun, deputy director of the State Debt Management Department under the Ministry of Finance, expects the state to sell 15.5 billion yuan of treasury bonds this year, 550 million yuan more than had been planned.

About 60 percent of the bonds will be sold to the public through retail channels of the underwriting system that has significantly changed the distribution pattern of state bond sales, he said.

Zhang said the underwriting system, which purchases government bonds and sells them to individuals, has played an important role in this year's bond sale.

Since April, all large and medium-sized Chinese cities have a "fully opened" market for the sale of state debt, Finance Ministry officials said.

This move has improved the circulation of state debt, bolstered its reputation and promoted its distribution, he said.

### Wang Bingqian Attends Founding

OW0108143791 Beijing XINHUA in English  
1338 GMT 01 Aug 91

[Text] Beijing, August 1 (XINHUA)—After receiving the approval of relevant departments, the National Debt Association of China was formed today in Beijing and was registered with the Ministry of Civil Affairs.

State Councillor Wang Bingqian, who is also the minister of finance, attended the association's inauguration ceremony.

The main tasks of the association will be to assist governmental departments involved in the issuance, trading and cashing of bonds related to the national debt. In addition, the association will study the theory, policy and methods of bond investments, and will probe into problems related to the development of national debt bonds, as well as offer suggestions to relevant governmental departments.

Since China resumed issuing state treasury bonds in 1981, the country has issued bonds valued at over 100 billion yuan. During the past decade, a market for circulating and transferring treasury bonds has taken shape in the country. At present, there are over 800 enterprises with over 100,000 staff members engaged in issuing and trading treasury bonds. The total trade volume of the bond market exceeds 20 billion yuan.

### Continued Credit Control Urged

HK0208020191 Beijing JINGJI RIBAO in Chinese  
20 Jul 91 p 1

[Report by correspondent Wang Zhi (3769 2535): "Monetary Authorities Reiterate Need for Continued Credit Control in Latter Half of This Year"]

[Text] In the first half of this year alone, the amount of various bank loans increased by 58.1 billion yuan. Although the newly increased amount was less than that of last year, input into various loans is still increasing at a fairly high level, while the growth rate of money supply also stands high. At the same time, however, withdrawal of money from circulation in the first half of this year is less satisfactory than last year. In view of such a situation, the People's Bank of China recently reminded the monetary circles of the situation, warning that they must not lose control over the total credit amount.

The basis for this analysis is that the utilization efficiency and circulation of funds have not yet taken a turn for the better. According to sources in the Industrial and Commercial Bank, in the first half of this year, the circulating periods for industrial and commercial floating funds were prolonged by 16 and four days respectively over the same period last year. A survey conducted by the Industrial and Commercial Bank among 40,000 state-owned industrial enterprises shows that by the end of last May, 351.5 billion yuan was held up by products and manufactured goods, goods shipped in transit, and advanced payment receivable. This indicates a poor utilization efficiency of funds as it is unduly detained in "warehouses" and links of accounts settlement.

As a result of such factors that the recent floods have affected the future monetary operation and that a certain amount of credit capital needs to be employed in breaking "debt chains," a fairly great increase in the demand for credits can be expected in the second half of this year. Guo Zhenqian [6753 2182 0051], vice president of the People's Bank of China, said on 19 July that it is still an important task at present to impose continued control on the credit scale. We should strictly implement the credit plan and no breakthroughs are allowed without approval.

The Industrial and Commercial Bank called for efforts the other day to rationalize the credit scale, ensuring to meet the needs of key projects. With a new credit-granting pattern currently underway which mainly relies on state-owned large and medium enterprises, the Industrial and Commercial Bank plans to put 3 billion yuan as technological transformation loans, focusing on solving

problems currently puzzling large and medium-sized enterprises, such as outdated techniques, obsolete equipment, and backward products.

### XINHUA Reports Half Year Changes in Economy

HK3007061591 Beijing XINHUA Hong Kong Service  
in Chinese 0757 GMT 26 Jul 91

[Report by Xu Yaozhong (1776 5069 0022): "China's Economy Experienced New Changes"—XINHUA Hong Kong Service headline]

[Text] Beijing, 26 Jul (XINHUA)—China's economy is on its way to improvement and underwent some new changes in the first half of the year.

One of the changes was that the pickup of consumption demand accelerated. The market in China plagued by "sluggishness" resumed activeness this year. The main reason is that the state, under the precondition of maintaining strict control on aggregates, made timely adjustments to the degree of control, triggering the rapid growth of consumption demand. This found prominent expression in the following three aspects: First, the investment in fixed assets of the entire community increased by a big margin, the rate being over 20 percent with state-owned units in particular; second, the total volume of commodity retail sales of the entire community increased over 12 percent; third, foreign trade maintained a rapid growth, the rate of increase in export volume being 18.5 percent. The accelerated pickup of demand reduced the reserve of commodities in the commercial sector and materials sector by 45 billion yuan compared to the beginning of this year, which lubricated, to a certain extent, the economy's normal circulation. But it should not be overlooked that the social commodities reserve in China today is still rather high, quite some distance away from the objective of thoroughly "lessening the swelling." Besides, according to an estimate, overstocking caused by senseless production accounted for about 8 billion yuan in the reserves that was created in the first half of this year.

The acceleration of the development of state operation as well as the strengthening of its guiding role was another new change in the process of China's economic development. Because the state adopted a series of policies and measures for enlivening state industrial enterprises this year, these enterprises, which had been plagued by slippage and slow growth for a fairly long time, improved their external environments. Many enterprises also tapped their internal potentialities. All this led to some new improvement in production. According to statistics, the total industrial output value of state-owned industry increased by nearly 9 percent in the first half of the year, a rare achievement in recent years. This growth rate boosted the proportion of newly added output value of state-owned industry in the total amount of newly added industrial output value by 31 percent compared to the same period last year. Meanwhile, the aggregate volume of retail sales of state-owned

business increased 14 percent and its proportion in the gross total of retail sales also went up. However, what calls for further attention is that state large and medium enterprises have not improved themselves in terms of their inadequacies in vitality and stamina and many of them are still having a very difficult time.

The overall development and balanced growth of the economy in the course of its pickup was another significant change in China's economic development. China's economic circles did a great deal of work in eliminating economic overheating, checking inflation, and maintaining strict control on aggregates in the first half of the year, guaranteeing the positive momentum of steady growth in the three links of China's economy, namely production, construction, and circulation. Moreover, their growth rates were quite similar, the lowest being 12.8 percent and the highest 14 percent. In the first half of the year, the industrial production and sales in the country's 30 provinces, autonomous regions, and municipalities maintained a rising momentum, posing a striking contrast to last year when the industrial production in seven regions experienced slippage and sales volume in 18 regions decreased. Nevertheless, the phenomenon of "overheating" should still be guarded against in the course of China's economic development. The pace of development of township and town industry and that of the processing industry in some regions were too high, the former exceeding 30 percent. This is worth attention. In addition, the phenomenon of blindly starting new projects started to emerge again.

## Nuclear Industry Contributes to Economic Reform

### Stress on Civilian Use

HK0108122791 Beijing CHINA DAILY in English  
1 Aug 91 p 1

[By staff reporter Li Hong]

[Text] In a move to increase the contribution made by the country's nuclear industry to the national economy, the government has ordered greater production for civilian use.

The China National Nuclear Corporation (CNNC), a ministry-level firm, has worked out a plan to turn most of China's nuclear industrial output to civilian products by the year 2000, according to an industry official.

During the past 10 years, the civilian output of the industry has been growing at an annual rate of 22 percent, said Wang Qing, an official with the General Office of the corporation, yesterday.

More than 42 percent of the industry's products in 1989 were for civilian use, a sixfold increase since 1980.

Last year, the industry's total output was worth 2.064 billion yuan, nearly half of it for civilian use, said Wang.

Production of rare earth metals, man-made diamonds and medical equipment, will continue to grow with the reduction of military hardware, demand for which has been on the wane since 1980.

CNNC factories will also manufacture some non-nuclear products for which there is a demand, such as smoke detectors and chemical fertilizers.

The plan for the coming five years allows for 2 billion yuan worth of civilian goods by 1995, an increase of 150 percent over 1990.

China's first nuclear power station, at Qinshan, is reported to have started its commissioning period, and is expected to be loaded with fuel and generating electricity later this year.

The Daya Bay power plant, near Guangzhou, a joint venture between China Electrical Power and Light Company, of Hong Kong, and Guangdong Province, is also scheduled to generate power next year.

According to Wang, China is researching the feasibility of setting up two one-million-kilowatt nuclear power stations with foreign countries in Liaoning Province.

Making use of radio-active uranium technology, nuclear scientists have been able to increase grain output by 4 billion kilograms and cotton production by 200 million kilograms every year, and have detected a gold deposit of 50 tons for the country, said Wang.

CNNC also plans to set up 15 centres for civilian production, each with an output value of 50 million yuan, and five export centres for non-military products, in the next 10 years.

It has urged the 200-odd nuclear industry enterprises scattered throughout China to discard their traditional concept of "state orders and purchases" of military products.

China will seek foreign investment and joint ventures to create new jobs for about 40,000 nuclear workers, who have been made idle because of the sharp decrease in the demand for military equipment during the past years, Wang added.

### National Corporation's Efforts

OW3007114191 Beijing XINHUA Domestic Service  
in Chinese 0230 GMT 30 Jul 91

[By reporter Li Xiuqing (2621 4423 3237)]

[Text] Beijing, 30 Jul (XINHUA)—According to the China National Nuclear Industry Corporation, our country has stepped up the peaceful utilization of nuclear energy. The output value of civilian goods produced by the nuclear industry grew at an average annual rate of 22 percent over the past 10 years.

To suit the needs of national economic construction, China's nuclear industry has since the Third Plenary Session of the 11th CPC Central Committee modified its

military production for civilian use. A new situation has gradually been formed where the nuclear industry "combines military and civilian production, focuses on nuclear technology, and involves itself in diverse economic undertakings." Our country has achieved gratifying results in developing nuclear power. China's first nuclear power plant—the Qinshan nuclear power plant—is now ready for loading and is scheduled to link up its network to generate electricity this year. The Guangdong Dayawan nuclear power plant is expected to generate electricity next year. We are stepping up our research regarding the construction of other nuclear power plants and the search for new methods of producing nuclear power.

By combining nuclear radiation technology with other science and technology, we successively cultivated over 320 new crop varieties. By using radiation technology, it is possible to increase our annual production by 4 billion kilograms of grain, 200 million kilograms of cotton, and 75 million kilograms of edible oil. The recompense from increased production equals 800-fold the total investment over 10 years in the research project. Nuclear technology is used extensively, with significant results, in grain storage and to keep fruits fresh, improve soil, and prevent and control plant diseases and insect pests.

The functions of nuclear technology in promoting industries and other sectors of the national economy have become increasingly significant. Nuclear technology has spurred on a group of newly developed high technology industries that are related to it, such as those which produce isotopes and their related products, nuclear instruments and meters, accelerators, and radiation-processed products. Direct transfer of nuclear industrial technology to civilian industries is even more beneficial to all trades and professions. By applying methods used in geological prospecting for uranium ore in gold prospecting, the gold industry has submitted to the state over 50 tonnes of reserves in the gold industry and over 100 tonnes of long-range control reserves in less than four years' time, thereby promoting development in our country's gold industry. The utilization of uranium smelting technology to extract and analyze precious metals and rare earth elements has created a new technique that has a high rate of recovery and requires low cost.

Nuclear technology provides many new technological means and methods for clinical diagnosis, treatment, and pathological and pharmacological research in the medical and health fields. At present, more than 1,000 medical units are utilizing isotopes and radiation technology, and over 100 relevant methods have been used in clinical diagnosis; and each year, over 18 million patients receive related diagnosis and treatment. Nuclear technology is irreplaceable by other technologies and methods when it comes to developing basic medical science.

### **Enterprise Success Requires Property Rights Reform**

HK0208062391 Beijing JINGJI CANKAO  
BAO in Chinese 16 Jul 91 p 4

[Article by Xiang Dongfang (7309 2639 2455): "Viewing Reform of Property Rights System in Light of China's National Conditions"]

[Text] Entering the 1980's, our country's state-owned enterprises made marked achievements against the historical background of reform and opening up, and met a series of new problems, in particular, under the situation of the sluggish market in recent years, state-owned enterprises' ability to function and to deal with changes were obviously poorer than the enterprises with three sources of funds and township and town enterprises; therefore, when people considered the idea of "invigorating large and medium-sized enterprises," they thought more about the reform of the property rights system.

### **Since Reform, State-Owned Enterprises With Highly Centralized Property Rights Appeared To Have Decreasing "Vigor" in Market Operation**

The development of socialist planned commodity economy has reaped additional value from reform and opening up, on the one hand, and split up and strengthened the idea of pluralistic interest groups within the public ownership economy, on the other hand. Thus, the unified and highly centralized property rights structure has to change. Facing the market, state-owned large and medium-sized enterprises' ability was comparatively "weakened" during competition. Not only is that the operational mechanism within the enterprises was comparatively weakened, but that the entire state-owned economy found it more difficult to function in the fixed property rights structure, as well as a heavier burden, and economic returns became poorer. In the period of rectification and improvement, state-owned enterprises were taken care of by a preferential policy and funds arrangement, but compared with enterprises with three sources of funds and township and town enterprises, many state-owned enterprises faced a sluggish market and slipped into a difficult situation. In fact, the superiority of enterprises with three sources of funds and township and town enterprises is clear definition of property rights, which develops its role in self-regulation. Therefore, speaking from a certain sense, if property rights does not "die," enterprises cannot live, and if we do not grasp the current favorable opportunity to push forward the reform of property rights system, the large-scale "decline" of state-owned enterprises will continue.

### **Since Reform, Funds Beyond Plan Increased Rapidly Every Year, New Interest Bodies Beyond Central Finance Forming Comparatively Independent Property Rights of Financial Groups**

The reform has enabled the past unitary economic structure of state public ownership to be replaced by a multi-ownership system structure with pluralistic public ownership as the mainstay; the unitary funds channel for



financial construction has been replaced by various channels such as finance, monetary, fund-raising by self efforts, and utilization of foreign funds. In this major tendency, the growth rate of the funds beyond financial budget is most eye-catching and has aroused much criticism. I think that this tendency is a great outcome of the reform. If we can properly understand and correctly guide the funds beyond budget, it might be a crucial means to cast off the current economic difficulty. From the period of the nation's founding to the First Five-Year Plan, unbudgeted income accounted for only 10 percent of the budgeted income; now it accounts for 90 percent. Because the financial resources for emergency use in localities and the unbudgeted funds at the disposal of departments and enterprises rapidly increased, there emerged more and more funds channels for investment in public ownership economy, and the situation whereby the central government took sole responsibility for investing in the fixed assets in the whole society has gone for good. From 1980 to 1988, of the investment in society-wide fixed assets, investment beyond state budget was 1606.7 billion yuan, 5.3 times the state's investment of 303.7 billion yuan in the same period. The proportion of unbudgeted investment within total investment rose from 63.8 percent in 1980 to 91 percent in 1988. These facts indicate that during economic development in the 1980's, unbudgeted funds made a great contribution, the accumulation of assets by public ownership economy in the 1980's mainly relied on unbudgeted funds. Regarding the shortcomings in the distribution pattern, we should not blame unbudgeted funds as the main reason, which being lack of restraint from property rights system and lack of property rights as a means of regulation in the macroeconomic regulation system. Thus, in an open market, the central financial groups, which do not have clear property rights, cannot effectively regulate and control local financial groups' economic tendency in the limited space of administration, while the property rights of state-owned large and medium-sized enterprises are always jeopardized by many sides for no reason. Regarding the saying that local finance squeezes out central finance's income during primary distribution, it is very difficult to find any example from statistical materials. Judged generally, in recent years, the situation of local finance's budget performance was better than central finance's, and this is mainly because local financial groups have more clearly defined property rights than central financial groups. We cannot say central finance suffers from local finance, we can only say it suffers from unclear property rights. The increase in local governments' ability to manage finance and their enthusiasm, have made great contributions to economic development, and this should be seen as a good tendency. To change the tendency in the weakening of central finance, we must pay attention to safeguarding central financial groups' property rights interest on the premise of increasing quantity and to reap a larger proportion on the premise of reform of property rights system; simplistically stressing concentration of financial strength cannot help but will cause new conflict, and the result is that central finance will continue to drain.

**Reform Brought About Real Benefits to People, Righteous Good Thing; Regarding Problem of Inclining Toward Individuals in Social Distribution Arising From Process, Concrete Analysis Must Be Made**

In recent years, the high-income stratum, which accounts for 20 percent of the population, occupied a large portion of the newly added residents' saving deposits, thus causing many conflicts. However, the drawback was mainly because the public ownership economy lacked protection from property rights system. Facing 800 billion yuan of deposits made by urban and rural residents, and the reality whereby the proportion of state financial income within national income decreased every year, people exclaimed at the inclination toward individuals in distribution, and this is understandable. We must admit that this "advantage" does not benefit many people, however, and it is also not the only reason for the decrease in the proportion of state financial income. The population factor is also one of the important reasons. In 1952, our country has 570 million people; in 1990, our country had 1.134 billion people (excluding Taiwan Province), a 100 percent increase; and it is obvious that they have to eat up a large portion of national income. From the angle of the theory of property rights, however, for a long time our country only recognized individual property rights as the consumer goods distributed to them by the society according to their work. The difference between blurred property rights in public ownership of means of production and clear individual property rights of means of living, enabled individual property rights, under the new condition of commodity economy, to utilize every opportunity arising from the process of "delegating power to lower levels and letting them retain a proportion of profits" during reform, to naturally form a strongly developing "black hole" of demand of interest. This, plus the "double track" price system and the "bureaucratically oriented" distribution mechanism, produce the comprehensive pushing force which changes means of production to means of living, as well as changing state and collective publicly owned interest (in fact it is other people's interest) to individual self-interest. This is the basic reason for unequal social distribution and for the public ownership economy to lose funds. Because of the existence of this reason, people can find within the 800 billion yuan savings of residents a large amount of public funds deposited in private names, and discover within social groups' purchasing power a huge amount of public money being consumed in individual names. I think that we should proceed more from the reform of the property rights system, to solve the problem of lack of regulation of property rights in public ownership economy, and to establish a self-protecting mechanism for public ownership economy to completely solve the problem.

**Difference Between East, West China in Economic Development Embodies Unbalanced Organic Composition of Funds in Property Rights Structure Among Localities**

Long-term efforts are required to reduce the difference in development between east and west China; however,

in the process of deepening of reform, we should gradually straighten out the definition of property rights and the property rights arrangement between west China, which has abundant resources, and east China, which has concentrated processing industry, and use the lever of publicly owned property rights to adjust relations between east and west China. Because of the function of historical, geographical, social, cultural and other factors, economic relations between east and west China are relations between the place with abundant resources and the place with concentrated processing industry. Since the implementation of the strategy of coastal development, a good trend in overall development emerged in the whole country, and the problem of widening difference between east and west China also emerged, causing an increasingly tense interest conflict between eastern and western parts. The main reason is that the state has given preference to east China in the investment in fixed assets, and by the end of the Eighth Five-Year Plan period, it is certain that the gap between east and west China will be further widened. Second, along with pluralization of the main body of investment, the low income of the population in the undeveloped areas in west China will lead to inadequate formation of capital and inadequate attraction for investment in the areas. Third, the current price system is erroneous. The western parts send to the eastern parts resources at low prices, the eastern parts resell to the western parts the finished products at high prices, and this creates a twofold flow of profits to the eastern parts. Because in the western parts the publicly owned industries have an economic composition 35 percent higher than in the eastern parts, the actual interests of the central government and the local governments in west China have already seriously drained. Fourth, the western parts are far away from the market (including the international market), and the development environment is relatively isolated, while industrial structure is not regulated; and, in particular, within the public economy, property rights over resources are not defined, therefore work in opening up to the outside world and in attracting foreign capital has been very difficult.

In conclusion, the current property rights structure and system operation, which had in the past played a positive role in building and developing public economy, has changed along with the change in the economic environment to become the major factor restricting the development of socialist China, with its system which mainly relies on administrative means for regulation and with excessively concentrated property rights structure. Under the new situation, if property rights does not "die" (meaning property rights not defined), there is no way to invigorate large and medium-sized enterprises; if property rights do not "disperse" (meaning disperse property rights for disposition), there is also no way to invigorate large and medium-sized enterprises. We may say that the future improvement of the situation of financial income in our country, the adjustment of

unequal social distribution, and the development coordination between the coastal areas and inland are all related to the reform of property rights system.

Marxist economic theory holds that dispersed property rights is a prerequisite to the formation of market relations. Under commodity economy conditions, to increase vigor among large and medium-sized enterprises and to adjust the relations between the central government and local authorities, we must start by reforming the property rights system. The history of China and the country's actual situation determine that promotion of private ownership system can only lead to bureaucrat-capitalism, therefore the reform can only be explored in the framework of the new and actual pattern of public ownership system. I think that against the above-mentioned situation in the country, the property rights reform idea on dispersing property rights for disposition, operating property rights based on levels, and standardizing transfer of property rights, is workable.

### Stockpiling Continues Despite Economic Growth

HK2607111391 Beijing CHINA DAILY in English  
26 Jul 91 p 4

[By staff reporter Zhai Feng]

[Text] Products are still stockpiling despite China's steady economic growth during the first six months of this year.

Industrial output value in the first half of this year reached 1,126 billion yuan (\$212.5 billion), a 13.4 percent increase over the same period last year, according to the State Statistics Bureau.

And the domestic financial revenue climbed to 131.7 billion yuan (about \$25 billion) during the first half of this year, 6 percent higher than that of the same period in 1990.

"But the increasing stockpiles of unsold products follow on the heels of the economic growth," said Geng Xiyu, a researcher from the State Planning Commission, in an interview with CHINA DAILY.

At a standing Committee meeting of the Chinese People's Political Consultative Conference, Chen Jinhua, Minister of the State Commission for Restructuring Economy, said, "the value of inventory went up to 200 billion yuan (\$37.7 billion) by the end of May."

This thorny economic problem has slowed capital circulation in state-owned firms drastically, particularly industrial businesses, leading to a decline in economic efficiency.

Geng Xiyu pointed out that shoddy household electrical appliances, textiles, and light industrial products make up the vast majority of commodities "sleeping in the warehouses."

Duplicate industrial investments have swollen the production capacity of some products, thus worsening the stockpiles.

For instance, washing machine manufacturers have injected more than \$350 million to import over 60 production items and 30 assembly lines from abroad during the past few years.

Today the nation can produce 12 million washing machines a year, but the annual domestic demand has stood at just 8 to 9 million for the last four years.

### **Inventory**

Low quality and poor design are another reason for the increasing inventory of products.

A survey conducted recently by the Chinese Consumers' Association, which mainly deals with cases of damaging customers' interests, showed that of the total 56,587 accepted cases during the first quarter of this year, more than 70 percent were associated with poor quality of products.

The researcher said that luxurious packaging, usually driving prices up, has also kept low-income consumers from buying the expensive products.

A drop in capital investments is the third reason for the oversupply of building materials, machines, and electrical products.

Since the government launched an austerity policy in late 1988, less money has been injected into the fixed assets.

Capital investments for 1989 fell by 20 percent over the previous year. Last year the nation saw a slight 4.5 percent rise in capital investment, but if inflation was taken into consideration, the growth rate was minimal.

The expert held that slow readjustment of the product mix was the fourth reason for growing stockpiles.

Yang Shengming, an economist from the Chinese Academy of Social Sciences blamed a lack of immediate consumption for growing stockpiles. This meant that consumption did not keep pace with production development.

Studies by the State Statistics Bureau revealed that the average per capita income, counted at the current price, rose from 547 yuan (\$103) in 1984 to 1189 yuan (\$224) in 1989, or a 117.4 percent rise.

Meanwhile, annual per capita expenditure reached 700 yuan (\$132) in 1989 from 329 yuan (\$62) in 1984, up 112.8 percent.

### **Housing Reform**

Yang said that to avoid stockpiling and facilitate the recovery of the market, the nation would have to stimulate individual consumption.

The housing system reform should be placed high on the agenda of policy-makers, and more apartments should be built as this will encourage consumption.

Under the current housing system, housing is controlled by work units, treated as a welfare item, and the government has to give large subsidies for urban inhabitants.

But now it can no longer undertake such a heavy burden while urban dwellers still feel the pinch of housing shortages, the economist said.

Reform of the housing system will encourage individuals to buy their own accommodation, thus raising the demand for building materials, decorating products, and other commodities related to the building industry.

Geng Xiyu stressed that the nation would have to speed up adjustments to the existing economic pattern, and bring the production of inferior goods under control.

Debt-ridden industrial enterprises, which consume plenty of raw materials, turn out shoddy products, and are unable to recover, must be closed down or merged with successful firms.

As for producers of goods intended for export, the expert said, they should be given preferential policies in terms of raw materials, energy, and funds, so as to expand exports to the world market.

Industrial firms, loaded with unsold products, must restructure the product mix to adapt themselves to market forces, and increase product sales, Geng said.

### **Floods Aggravate Economic Difficulties**

*HK3107051191 Hong Kong TA KUNG PAO  
in Chinese 27 Jul 91 p 2*

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Floods Aggravate Financial Difficulties"]

[Text]

### **Budget for the First Half of This Year Is a Bit Better**

On 24 July, Finance Minister Wang Bingqian discussed the execution of China's financial budget for the first half of this year at the national work conference on finance and taxation. He said: "Taken as a whole, it is a bit better this year than it was last year, but the financial difficulties have not been alleviated. In the second half of the year, it is necessary to keep on vigorously increasing revenue and exert strict control over expenditure."

This year, China can hardly avoid financial difficulties. Just as Finance Minister Wang pointed out: Currently, finance is facing a fairly grim situation. It is mainly shown as follows: The economic results of enterprises are still relatively poor. In the first six months, the production value and sales income of the industrial enterprises covered in the state plan respectively increased 9.9 and 14.5 percent, while the realized profit and profit turned over to the financial departments respectively decreased 17.5 and 94.3 percent; and enterprises in arrears with tax payments and profit continue to grow. By the end of June, enterprises nationwide default in payment of taxes



and profits was 21.9 billion yuan, an increase of 8.76 billion yuan over the beginning of this year.

#### **A Considerable Number of State Enterprises Sustain Losses**

The decline in profit by state enterprises will inevitably affect the payment and defaulting of tax and profit, and the state financial revenue will therefore decrease. In the first six months of this year, although total industrial production and commodity retail sales respectively grew 13.4 and 12.8 percent as compared with the same period last year, a decline in tax and profit by state enterprises was recorded. In appearance, the production value has increased, but there is a stagnant market, and a growing inventory. If this problem is not settled some day, it is very hard for enterprises to release their vitality.

At present, the harsh reality is that nearly one-third of large state enterprises suffer losses, which make it difficult for them to break "debt chains," and even more difficult to pay taxes. These enterprises are bogged down in prolonged debt disputes with banks and other enterprises. Such "knots" of monetary debts will ultimately be borne by the state. This is the root cause of the grim financial situation.

Statistics show that over 13,800 large state enterprises, which account for 36.7 percent of the total, have an aggregate deficit of 15.4 billion yuan. If the state still fails to rectify and reorganize these losing enterprises and continues to put in money and materials to maintain the old practice of "everyone eating from the same big pot," which has long been denounced, then the state's financial condition cannot improve. A radical method is to close, suspend, merge, or transfer these enterprises in a bold and resolute way; vigorously encourage enterprises to operate independently; assume sole responsibility for profits or losses; and plunge into market competitions. Only in this way can they gain vitality.

#### **Unite as One To Overcome Difficulties**

The authorities are not unaware of the necessity to drastically reorganize enterprises, but they are worried that excessive pace will cause serious unemployment and affect social stability. Of course this is right. However, it looks as if the enterprises depending on prolonged "blood transfusions" from the state cannot avoid undergoing an "operation." Those that should be closed must be closed, as delay will only cripple the state's capacity to bear the burdens and, in the end, they still have to be reorganized. By that time, the price will probably be much higher.

The "debt chains" between enterprises have reached 200 billion yuan, or about one-half of the state financial budget, and the inventory amounted to 200 billion yuan by the end of May. The two big figures have resulted in a slow economic operation. The symptoms have appeared, and we should suit the medicine to the illness. But the point to start with is still to carry out energetic reforms.

Unfortunately, the Chang Jiang, the Huai He, and other rivers were flooding in June and July this year, leading to a reduced output of summer grains and serious losses in industry in low-lying areas. Natural calamities such as floods and severe drought that occurred in varying degrees in the 18 provinces, cities, and regions this year will certainly cause a substantial increase in China's financial expenditure for the second half of the year. Given the aggravated economic difficulties in our country this year, it is all the more necessary for the whole nation to be of one mind and to tackle difficulties with joint efforts. So long as the whole nation carries on the spirit of solidarity as displayed in supporting the disaster-stricken areas and people in combating floods, we will certainly be able to tide over the difficulties.

#### **Bank Supports Foreign Trade Structural Reform**

HK3007035091 Beijing RENMIN RIBAO in Chinese  
25 Jul 91 p 2

[“Dispatch” by reporter Ji Honggeng (6060 3126 6342): “Bank of China Supports Foreign Trade Structural Reform”]

[Text] The second half of the year will be the high procurement period for foreign-trade enterprises across the country, and demand for capital will increase. A meeting of Bank of China branch managers, starting today in Beijing, put forward that the Bank of China will further support high-season procurement, actively coordinate the foreign trade structural reform to make enterprises responsible for their profits and losses and to allow self-decisionmaking and management.

The Bank of China will give preferential support to the procurement of state-planned exports which enjoyed low costs in terms of foreign exchange and are not incurring losses; will meet the capital demand arising from importing commodities as prescribed by state plans; and will tighten and be very strict with credits to enterprises which have large backlogs or fail to stop operational deficits, or whose products are high-priced but inferior and not marketable, and will issue “yellow card” warnings to them. It is reported that some foreign-trade enterprises have shown good signs of increasing exports, lowering costs in terms of foreign exchange the circulation of operating funds quickened, and reducing their credit amounts. Credits and loans from the Bank of China will also support large- or medium-scale state-run enterprises or group enterprises which enjoy import and export rights and good economic returns, and will give preferential support to electric and machinery, textile and light industrial, and hi-tech exports.

**Another dispatch** by reporter Ji Honggeng: The Bank of China today revealed that as of the end of June, the balance of all kinds of foreign-exchange savings within the country was \$17.661 billion. Of this, the balance of personal foreign-currency savings was \$3.86 billion, up \$589 million from the end of last year; the balance of



units' foreign-exchange savings \$13.8 billion, down \$646 million from the end of last year.

### Overseas-Funded Firms Generate \$11.67 Billion

HK3107034691 Beijing CHINA DAILY in English  
31 Jul 91 p 2

[By staff reporter Qu Yingpu]

[Text] Overseas-funded enterprises are still streets ahead of the nation's overall foreign trade growth, generating a total trade volume of \$11.67 billion in the first half of this year, according to a report released by Chinese Customs yesterday.

Foreign trade, up almost 48 percent over the same period last year, accounted for 20.4 percent of China's total trade volume, which was 17 percent higher than the corresponding 1990 period, the report said.

Exports by foreign-funded firms during the January-June period increased more than 58 percent to reach \$4.73 billion, while their imports managed a 41 percent rise to \$6.94 billion.

Sino-foreign equity joint ventures continued to grasp the lion's share of exports, said the report. Their foreign sales were worth more than \$3 billion, accounting for 65 percent of total exports by overseas-funded enterprises. The rest went to the solely-foreign-invested firms and Sino-foreign co-operative ventures.

The report said that, among the overseas-funded firms' export items, machinery, electric products, textiles, garments and shoes witnessed market growth.

Machinery and electric products exported were worth \$1.6 billion, up 58.8 percent, and accounting for 34.2 percent of the total figure. Such products mainly included television sets, tape recorders, telephones and bicycles. The export of textiles and garments totalled roughly \$1.2 billion, up 53 percent, and shoes, worth \$560 million, were up 93 percent.

Guangdong Province contributed almost 69 percent, or \$3.2 billion, of the exports by foreign-funded enterprises, with Fujian Province coming second with the foreign sales of its overseas-invested enterprises standing at \$480 million.

These enterprises mainly exported their products to Hong Kong and Macao, which accounted for 69 percent of the total, followed by Japan the United States and the European Community.

Their imports were mainly raw materials for export-oriented production, totalling \$3.9 billion in the first six months—56.2 percent of the total. Equipment and other items imported as foreign investment came to \$2 billion, accounting for 29 percent.

### Reports on Price Reform Efforts, Results

#### Subsidy System Analyzed

HK2607135191 Beijing LIAOWANG in Chinese  
No 25, 24 Jun 91 pp 16-17

[By Zhao Hongyue (6392 1347 6390): "Price Subsidy in China"]

[Text] Editor's note: In this article the author made a fairly thorough and comprehensive analysis of the issue of price subsidy—an important aspect of the price reform in China; elaborated on the content of price subsidy, the roles it played in different historical periods of New China, and the operation of the price subsidy system in some foreign countries; revealed the functions of the price subsidy regulatory mechanism in stabilizing commodity prices, safeguarding normal consumption, and promoting production; analyzed the change in the price subsidy system since 1978 and the necessity of reform; put forth the orientation and approach for the reform of the price subsidy system; and forecast the development trend of price subsidy. This article is worthwhile reading for those who are concerned about price reform. [end editor's note]

For a long time the prices of many basic daily necessities, from grain and edible oil to housing and to fuel for civil use to medical service and health care, remained low and stable in China. The low and stable prices conform with the low wage level as an aspect of China's national conditions and are readily accepted by the public. In fact, the force that is backing this system is mainly the price subsidies prescribed by state policies. This fact is usually overlooked in the reality of life. People seem to take price subsidy as a kind of welfare, and such a mentality led to the wasting of subsidized commodities and imposed restrictions on the enlarged reproduction of these commodities. For this reason, it is necessary for us to correctly evaluate price subsidy, so that this system will be reasonably used and the state's policy concerned will be correctly interpreted.

#### Content, Form of Price Subsidy

Price subsidy is a kind of noncompensated subsidy enforced by the state and kept under state control. The variety of subsidies are confined to those commodities whose prices are set by the state. Those commodities which are subject to floating price, price fixed through consultations, and rural fair price are not entitled to price subsidies. In China, price subsidy is in substance a compensation granted by the state to the suppliers of those commodities whose prices as set in the state economic plan are lower than their cost prices. Price subsidy is an important part of the financial subsidy system, but it should not be confused with financial subsidy because the latter also includes the portion of exempted and reduced taxes as well as subsidies given to enterprises suffering losses.

Price subsidy is a kind of compensation that the state issues to state-owned industrial and commercial enterprises in case unreasonably low prices as a result of state policies caused losses to the enterprises. Since the subsidies are given to the production and operational sector, and the products are mainly for consumption, the consumers who benefit from the subsidies do not intuitively recognize the function of subsidies. Therefore, such subsidies are called "implicit subsidies." Price subsidies have five main uses: First, the price subsidy for agricultural and sideline products is to improve and safeguard the living standards; second, the price subsidy designated for capital goods for agricultural production is to support agriculture; third, the price subsidy designated for industrial products for daily use is to satisfy the people's everyday needs; fourth, the price subsidy designated for imported goods is to maintain the balance between supply and demand on the domestic market; and fifth, the price subsidy designated for some service trades where the service charge standard is too low is generally put under local governments' control. "Implicit subsidies" can prevent the chain reaction caused by fluctuation of commodity prices and thus help stabilize commodity prices on the market.

Also, after the commodity retail price level is raised and on the premise that the pay scale for workers is not adjusted, the state grants a certain amount of subsidies to workers, staff members, and residents to offset the increase in the living expenses on the part of the consumers, according to an estimated scale. This type of subsidy is of the nature of subsidies for living expenses and the recipients are consumers. They are called "explicit subsidies" since the consumers can directly benefit from this compensation. For example, in November 1979, the state raised the prices of eight categories of foodstuffs, including meat, eggs, vegetables, and milk, and every worker and every staff member was to receive five yuan per month in compensation for their extra outlay in living expenses. "Explicit subsidies" are in substance a form of subsistence allowance the state gives to consumers. This allowance does not help stabilize commodity prices on the market, because it is not distributed according to work, and thus should not be regarded as a kind of "supplementary wages."

#### **China's Price Subsidy: Advantages, Disadvantages**

China introduced the price subsidy in 1953. By now this system has been practiced for nearly 40 years. Only cotton for wadding was subject to price subsidy in the very beginning, but now the number of items subject to price subsidy increased to several dozen, while the amount of price subsidies increased from 50 million yuan per year in the beginning to 37,034 million yuan per year in 1989, that is to say, the subsidy amount has been increasing at an annual rate of around 20 percent, which is higher than the growth rates of financial revenue and national income. The quantity of price subsidy has been constantly increasing, while its scope has been expanding, from living subsistence to capital goods and from the commodity circulation sector to the production

sector. Price subsidy has become an important factor not to be ignored in economic life and plays an essential role in promoting economic development and maintaining social stability.

Over quite a long period, price subsidy has been of some importance to promoting production, stabilizing commodity prices, and maintaining the living standards.

However, when the price reform is introduced, we are faced with a contradiction: On the one hand, we must deal with the longstanding historical issue that the prices of agricultural products and basic industrial products are on the low side. In this connection we have to raise the procurement prices of some agricultural products and the ex-factory prices of industrial products so that their production costs are made up. On the other hand, we must keep their selling prices stable to ensure stable living standards and social stability. Consequently, the prime costs of goods are higher than their selling prices, thus giving rise to losses in operational and management expenses that stem from the nature of the policy. Hence, price subsidy finds its place again in the price reform. In the wake of the development of the price reform and the increase in commodity flow, both the variety of items subject to price subsidy and the value of subsidy have been drastically increasing. In only 11 years from 1978 to 1989, the variety of items increased from more than 10 to over 40, while the value of subsidies grew by nearly 400 percent at an annual growth rate of 13.3 percent. Meanwhile, the proportion of price subsidies to the year's financial revenue also increased from 8.4 percent in 1978 to 12.7 percent in 1989, an increase of 4.3 percentage point. So this period was another period which witnessed a substantial growth in price subsidies in China, after the early 1960's when price subsidies were remarkably raised to help the people tide over the great economic difficulty at that time.

In 1988, because of the nationwide wave of panic purchasing and other unfavorable factors, the retail commodity price level which had risen considerably in the three consecutive previous years soared again by 18.5 percent, the widest margin of price hike ever since the founding of the PRC. In that year, the retail prices of foodstuffs increased 23 percent, accounting for 56 percent of the overall retail price hike that year. Local governments were forced to set aside part of local financial revenue as food subsidies in order to stabilize the commodity price level. For instance, in 1987, Shanghai Municipality's financial sector allocated only 540 million yuan as price subsidies for grain, oil, and foodstuffs; but in 1988, the amount of subsidies increased drastically to 2,307 million yuan. Inflation has been inhibited thanks to our efforts in the past few years. In 1990, the general level of retail prices in the country increased by only 2.1 percentage points over the previous year, the lowest price increase in the Seventh Five-Year Plan. The government adopted various measures to stabilize commodity prices and retain social stability. Of these measures, price subsidy must be recognized as one that has played a main role. According

to an estimate by the department concerned, if this amount of financial subsidies had been converted into increase in retail prices of commodities, the general level of retail prices would have been up by about 10 percent.

However, we must also be aware of another aspect. In some large cities, to lower the commodity price index by one percentage point will require an extra financial outlay of 100 to 200 million yuan. So the cost can be very high. In China, the price subsidy for grain, cotton, oil, and meat alone drastically increased from about 20 billion yuan in 1986 to 30 billion yuan in 1989. Stubbornly believing that price subsidy is versatile, the local authorities in some areas have very frequently used the means of subsidy but overlooked the reform of the price subsidy system itself. This led to the loss of control over price subsidy. So many localities have to divert construction funds for subsidies, and local finance has been rendered a "subsidy finance" or a "finance that responds to every plea." For some consumer goods, as their production costs increased, selling such goods may incur losses or will offer very little marginal profits. Their prices would rise as soon as the price restrictions were lifted if no extra financial subsidies were granted. However, although the prices rise, the price subsidies that have already been granted can hardly be reduced. Consequently, price subsidy has turned out to be a heavy financial burden and a major factor that hinders the growth in financial revenue. Some cities have already been exhausted and can no longer afford price subsidies because the total amount of price subsidies accounts for as high as 20 percent of their financial revenue.

In China, urban residents' nonproductive expenditure is mainly spent on food, clothing, and consumer goods. As for housing, transportation, postal and telecommunication services, schooling, medical service, and old-age care, only some token payments are collected or the state simply affords all the expenditure. The increase in such outlays and the expansion of the coverage of price subsidies have further added to the state's burden.

The above overview shows that price subsidy played a historical role in ensuring supply and promoting production. However, in the past few years, in the wake of the considerable increase in price subsidies, the disadvantages of this system have been clearer and clearer. The prices of subsidized commodities are distorted, resulting in unreasonable price parity in contrast with the prices of other commodities, weakening the function of the price lever, and violating the principle of equal exchange. The regular allocation of a certain portion of financial outlay as price subsidies reduced investments in agricultural production, construction of industrial infrastructure and public facilities, and public welfare service. As price subsidy is usually granted to the production and management sectors, consumers who simply feel that the prices are low will not be thrifty with those subsidized commodities, which will result in waste. As some subsidized commodities are purchased by coupon, whoever

buys the goods will enjoy the subsidy. This will only incite irrational consumption and further encourage illegal resale.

The state and local governments made valuable studies of the reform of the price subsidy system to cope with the above disadvantages. First of all, "implicit subsidy" changed into "explicit subsidy." From 1979 onward, the state raised the prices of some foodstuffs on three occasions, some price subsidies were canceled, and, at the same time, some living allowances were distributed among workers, staff members, and residents. Second, some localities sold grain and oil at reduced prices and cut the portion of grain supplied to some trades and grain resold by the state to rural areas, thus saving some subsidies. Third, some localities converted part of price subsidies into various forms of price regulating funds [jia ge ji jin 0116 2706 1015 6855]. In 1988, the state began to set up "foodstuff price regulating funds" in large- and medium-sized cities" so the financial burden is shared by the state, the locality, and the enterprise. As a result, the financial burden on the state and localities stemming from price subsidies has been relatively lightened. These reformatory measures scored some results, and in some cases, price subsidies were kept under control or reduced.

#### **Straightening Out Train of Thought on Reform of Price Subsidy System**

What is the way out for the price subsidy system? This is a question about which all social sectors are very much concerned. Our national strength does not allow us to maintain the status quo, but complete rescission of price subsidies will cause great shock in society and the consequences will be dreadful to contemplate. What is the feasible way to carry out reform?

Price subsidy is not exclusive to China. Many countries are granting price subsidies in different forms, but it is also a common phenomenon that their financial burden becomes heavier and heavier as the price subsidies increase. The Soviet Union and East European countries are practicing a price subsidy system similar to ours, namely, it is geared to the needs of the commodity circulation sector, price subsidies are granted to the sale of food and to enterprises suffering losses stemming from state policies, with the aim of stabilizing commodity prices, supporting and promoting agricultural production, and protecting the consumers' interests. Such a system encourages consumption but inhibits production, and that is one of the root causes contributing to financial difficulty in these countries. The price subsidy system practiced by developed Western countries is geared to the needs of the production sector. Price subsidies are mainly granted to agricultural products, with the aim of controlling and regulating agricultural production and protecting the producers' interests. The prerequisites for this system are a relatively great economic strength and an ample material supply. The circumstances in China which are different from other



countries in terms of national strength and the experience in implementing the price subsidy system determine that, as far as price subsidy is concerned, we cannot indiscriminately copy others' systems but must take our own road.

In light of the experience in the past few years, I think we in China have the following options for reforming the price subsidy system, provided that we want to ensure normal consumption and promote production as well:

- Wages linked with commodity prices. The system under which the expenditure on wages is increasing along with the commodity price index is used to compensate employees for the increase in living expenses, thus narrowing the margin of increase in price subsidies.
- Change of "implicit subsidy" into "explicit subsidy." To cope with the phenomenon that the purchasing price exceeds the selling price, the selling prices of subsidized commodities will be raised and, at the same time, the state's subsidies to commodities will be paid directly to workers and staff instead, according to a certain set scale. Subsidy payment will be shared between the state and the enterprise, and subsidies compensating for commodity price disparity will be reduced.
- Fine tuning of selling prices. If price subsidy is rescinded without any adjustment of the selling price, then the purchasing prices will have to be lowered accordingly. However, for a long time, the prices of agricultural products and basic products have been on the low side. Therefore, gradual adjustment of the selling prices of commodities will be a more feasible method since it gradually reduces price subsidies without causing a great shock.
- The change of price subsidies into price regulating funds. This change will help bring the initiative of the state, the locality, and the enterprise into play, and enable the financial burden to be shared out among different levels through various channels.
- The introduction of a commercialized housing system. The housing system currently practiced in China is of a welfare nature. Now that we are introducing some housing reform measures, a large amount of subsidies can be saved by rent increase and sale of commodity flats.

The above options can all serve as practical solutions to the price subsidy issue. Of course they may give rise to some new problems. For example, as wages are linked with commodity prices, financial outlay may increase remarkably for a while; the change of "implicit subsidy" into "explicit subsidy" may lead to a situation in which the amount of "explicit subsidies" increases but "implicit subsidies" do not decrease, and the purchasing prices of commodities may exceed their selling prices again; the fine tuning of selling prices, if prolonged, may cause some unexpected cases to happen; as for the establishment of price regulating funds, the collecting of the share from enterprises can be difficult, or it may

quite likely encourage the practice of indiscriminately exacting payment of enterprises, thus adding to the enterprises' financial burden, or the price regulating funds are likely to be diverted by local authorities for other outlays, and so on. To prevent these problems, we are required to skillfully keep production and consumption under control and try our best to promote what is beneficial and avoid what is harmful.

### Six-Month Statistics

HK0108150091 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0346 GMT 30 Jul 91

[“Roundup” by Huang Wenbin (7806 2429 1755):  
“China’s Price Reform Proceeds Smoothly in First Half  
of This Year”—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 30 Jul (ZHONGGUO XINWEN SHE)—  
Frequent actions have been taken in China’s price  
reform in the first half of this year: The state not only  
raised the prices of rolled steel, pig iron, crude oil,  
refined oil, coal, and railway transport, and unified the  
price of cement, but also boldly adjusted from 1 May the  
selling prices of grains and edible oils rationed to resi-  
dents. Since the beginning of price reform in 1978, it has  
been rare for so many items of price reform to be  
introduced.

It has also been rare over the past few years for China’s  
overall price index to rise so little in the first half of this  
year. The figures recently released by the State Statistics  
Bureau indicate that in the first six months of the year,  
the nationwide overall retail price index was up by only  
1.8 percent as against the corresponding period of last  
year. Such a narrow margin was beyond expectation.

The preceding two fundamental facts have outlined the  
price situation in China in the first half of the year,  
showing that price reform and stable prices have entered  
their “honeymoon period.”

Data indicate that price reforms are liable to bring about  
soaring prices. In 1988 and 1989, the state did something  
to change the excessively low prices set for such basic  
products as coal and crude oil, causing the prices of  
mining industrial products to rise by 24.8 percent in  
grand total in two years, and leading to a chain reaction  
characterized by the “boat floating high with the rising  
river.” The price rises of inferior products exceeded  
those of superior ones. The original intention to  
straighten out the irrational price relations could not be  
realized, the overall retail price index shot up by 39.6  
percent, and consumers found it hard to sustain. This  
has cast a shadow on the price reform.

The price reform measures introduced in the first half of  
this year did not cause the price index to rise. According  
to experts’ analysis, it was mainly because after two years  
of economic rectification and improvement, there was a  
comparatively relaxed economic environment. A few  
years ago, although many enterprises often “com-  
plained” about the structural readjustment in prices,



they could still manage to get along fairly well. This was because, given excessive demand, the influence of raising the prices of basic products was more often than not totally or mostly removed by raising the prices of manufactured and finished products. Now that the excessive demand has been curbed, the prices of manufactured and finished products are increasingly restrained by markets, and it is difficult to raise prices correspondingly. "Being squeezed on both sides," the enterprises can only depend on their fine operation to absorb and digest the price rise of superior products. In the first half of the year, the total supply and total demand maintained a balance, as both had made relatively rapid growth. This is the macroeconomic background in which prices did not get into a mess but remained stable while reform was in progress.

People hope that this situation will continue for a long time but, in fact, they are anxious. It is predicted that, owing to the over-issuance of bank notes in excess of the economy a few years ago, the excessive input of money will cause market prices to rise at approximately 12 percent this year. If macro regulation and control are inappropriate, the pressure will be released and transformed into actual inflation. Then, whether there is price reform or not, prices will soar in large magnitude because of inflation, and price reform will certainly find it difficult to advance.

According to experts' analysis, though the influence of price rises in basic products has not recently manifested in the rise of price index, yet it has manifested in rising costs, reduced profits, and increased losses of enterprises, which will then turn to the state for reduction of taxes and retention of a certain portion of profits. This will eventually increase the state's financial difficulties and reduce the banks' loan efficiency. In the first half of this year, enterprises' comparable product costs increased by 4 percent as compared with the same period of last year, while the growth of financial revenue was lower than that of production and circulation. If enterprises cannot absorb the influence of price rise of basic products with their own operation efficiency, but rely on financial departments and banks, then the "honeymoon" of price reform and stable prices will very soon come to an end.

#### **State Council To Reestablish Economic Commission**

*HK0108100291 Hong Kong CHING CHI TAO  
 PAO in Chinese No 30, 29 Jul 91 p 9*

["China economic news" report: "Preparations Made for Reestablishing State Economic Commission"]

[Text] The State Council has decided to abolish the production committee and to set up a production office with Vice Premier Zhu Rongji as its head. It was learned that Premier Li Peng said the State Council production office was established to prepare for reestablishing the State Economic Commission next year.

Practice in the last few years proves that the abolition of the State Economic Commission in 1988 was disadvantageous to the whole society's regular economic activities and guidance to and regulation and control of enterprise production and operation and also unfavorable to reinvigorating state-run enterprises. All places had a voice for the restoration of the State Economic Commission long ago.

It was learned that in its circular on the establishment of the production office, the State Council points out that the production office is in charge of the necessary regulation and control of the aspects of materials, funds, import, export, and so on and has certain power of regulation and control of prices, credit, taxes, and labor. Each year, it has varying degrees of power to distribute the appropriations of 100 million yuan renminbi [RMB], loans of 200 million RMB, and foreign exchange of \$50 million as it sees fit. In addition, its limits of power can be further extended in the light of the actual situation. When the State Economic Commission is reestablished next year, the power of the production office will be further expanded.

#### **'Non-Salary Income' Reportedly on Increase**

*OW 0108051091 Beijing XINHUA in English  
 0152 GMT 1 Aug 91*

[Text] Beijing, August 1 (XINHUA)—An individual worker in China tends to keep quiet about his or her non-salary income but a recent national survey reveals that such income on average exceeds a quarter of the regular salary.

The survey has found that such income, outside salary and bonuses, increased from 173 yuan per worker in 1986 to 561 yuan in 1990. Last year, such income of employees of state-owned enterprises and establishments reached 77.3 billion yuan, 26.2 percent of the total amount of salaries and bonuses paid out by the government.

This part of the earnings, called "grey income" by some, usually includes commuting allowances, food subsidies, savings interest and other income.

According to today's "WORKER'S DAILY", such income comes from over 100 sources in some parts of the country, many of them abnormal or even illegal.

The paper said that the highest outside-salary earnings are accrued by independent singers and their agents, market brokers, salespeople and taxi-drivers.

While generally cushioning the recipients from rapid price hikes, such income has also helped to produce unhealthy tendencies and erode company assets and government revenues, the newspaper said.

### Ministry Strives To Lower Unemployment Rate

HK3007042991 Beijing CHINA DAILY in English  
30 Jul 91 p 1

[By staff reporter]

[Text] Government officials, expecting a new surge in the urban employment population, are looking at ways to keep the jobless rate low, according to an official in the Ministry of Labour.

Thanks to efforts by the central administration and all circles of society, less than 4 million out of China's total urban workforce of 145 million were jobless by the end of 1990—an unemployment rate of 2.6 percent.

An expected 280 million people—of which 68 million will be young urban residents—will be entering the workforce in the coming 10 years, according to the Comprehensive Planning Department of the Labour Ministry.

This is because China is moving in to a second increase in the employment pool, brought about by the baby boom in the late 1960's and early 1970's.

Earlier this year, at a press conference in Beijing, Labour Minister Ruan Chongwu spelt out central government's goal of keeping the urban jobless rate at less than 3.5 percent for the last decade of the century.

Chinese economists have warned that this may be difficult, taking account of the limited urban job opportunities and bulging rural labour force which is "menacing the cities."

The austerity programme which began in the late half of 1988, though putting a stop to panic buying and halting the runaway increase in the inflation rate, has led to stockpiles of products in industrial plants.

This market impasse, coupled with huge debt defaults, said the economists, has held back many enterprises and strangled more job opportunities.

Although statistics show that the government created a total of 13.8 million jobs in urban areas in 1989 and 1990, factory managers are complaining now that huge members of workers are actually sitting idle at their jobs and pulling down productivity. (The managers of state-owned firms cannot fire workers.)

And, the economists pinpointed more pressure from rural areas, which will see 210 million labourers leave their farmland and look for jobs during the 1990-2000 period.

The short-term measures to relieve the situation, proposed by the Ministry of Labour, include setting up job introduction and counselling departments, the establishment of training centres, the expansion of more labour service firms (which absorb redundant workers from work units), the introduction of a more flexible labour export policy and strict control of the influx of farmers into cities.

China is at present home to more than 2,000 labour training centres. Providing pre-employment and on-the-job training programmes would keep about 700,000 workers off the job market.

And some 200,000 collectively-run labour service firms are reported to be holding as many as 8.2 million urban workers, who sought jobs after graduation from middle schools or were laid off by enterprises.

The long-term measures, according to the Labour Ministry, will include a plan for businesses to contribute to unemployment benefits as well as expansion of manufacturing and tertiary industries, and strict control of population growth.

### Trade Union Federation Chairman Inspects Gansu

HK0108125891 Lanzhou Gansu People's Radio  
Network in Mandarin 2200 GMT 30 Jul 91

[Text] While making an inspection of this province, Ni Zhifu, vice chairman of the NPC Standing Committee and president of the All-China Federation of Trade Unions, said: The Gansu Trade Union must gear itself to the needs of the grass roots and wholeheartedly rely upon the working class to run well socialist enterprises.

Accompanied by Zhang Guoxiang, secretary of the All-China Federation of Trade Unions Secretariat; provincial party committee Secretary Gu Jinchi; Deputy Secretary Yan Haiwang; (Zheng Yanmian), vice chairman of the provincial people's congress; and responsible members of departments concerned, Ni Zhifu visited the provincial people's congress, [words indistinct], the Lanzhou Aluminum Factory, the (Baiyun) Company, and other units from the 25th until yesterday. He listened to reports made by responsible members of these units and discussed the current economic situation with them.

Disregarding the intense heat of summer, Ni Zhifu went right to the frontline of industrial production. He had sincere conversations with the workers and inquired of them about their daily life and study. He extended regards to them and encouraged them to work hard to make greater contributions to the country.

During the inspection, Ni Zhifu expressed his views on relying upon the working class to run enterprises and improving democratic administration.

He said: Jiang Zemin and Li Peng have made important speeches on wholeheartedly relying upon the working class on many occasions. [words indistinct] Ni Zhifu called on all levels of trade union cadres to listen attentively to workers' views and solve problems uppermost in their minds. Trade union cadres, he said, should at all times keep them informed of what the workers are thinking. In doing their work, they should focus on the grass roots, gear themselves to the needs of the masses, and improve their work for the grass roots. To win trust and support from the masses, they must go down to the grass-roots units and immerse themselves among the

masses and do solid things for them. They must try to arouse the workers' enthusiasm, give full play to democracy, and become one with the masses.

### Inner Mongolia Begins Economic Development

HK0108014191 Beijing RENMIN RIBAO in Chinese  
25 Jul 91 p 1

["Dispatch" by reporters Ao Teng (2407 7506) and Li Erliang (2621 5079 0081): "Inner Mongolia Enters New Period of Comprehensive Economic Development"]

[Text] Hohhot, 24 July (RENMIN RIBAO)—"Solid nationality solidarity is the basis, the rich natural resources the advantage, and the state industrial policy the opportunity." These three points have developed into a richly endowed, important condition for the growth of Inner Mongolia's economy. The Inner Mongolian plain which, in people's view, is like what is described in pastoral songs, presents a brand-new posture today to people at home and abroad with vigorous development and construction.

Inner Mongolia Autonomous Region is rich in natural resources. The decade of reform has laid a solid foundation for the large-scale exploitation and development of its natural resources. With the state industrial policies favoring the exploitation of natural resources, the focus of China's heavy industry and energy industry is moving toward western China. This has created a golden opportunity for the exploitation and development of Inner Mongolia.

A number of key projects have been included in the state's Eighth Five-Year Plan and 10-Year Program. With these projects in the lead, 10 major production bases of coal, electricity, petroleum, metallurgy, comprehensive nonferrous metal, chemistry, coal-chemistry, forest industry, commodity grain, and livestock products have taken or are taking shape in Inner Mongolia.

Coal is one of Inner Mongolia's great treasures. The known coal deposits are 200 billion tonnes, ranking second in China, and five of its coal mines are listed as the state's key coal projects. Inner Mongolia accounts for four of the state's five major projects for exploiting and developing opencut mining areas. Twelve large mining areas, including Jungar, Dongsheng, Wuda, and Huolinhe, are being expanded or built. The construction of Jungar coalfield, China's biggest coal investment project involving 1.015 billion yuan in state investment in 1991, has begun in full swing. Coordinated engineering projects for water, electricity, highway, and telecommunications facilities have also been gradually completed. The region's crude coal output may reach 800 million tonnes by 1995.

The development of coal resources has provided plentiful "food" for Inner Mongolia's electricity construction. During the Eighth Five-Year Plan, the state plans to build big power stations in Fengzhen, Dai Hai, Togtoh, and Dalad, each with an installed capacity of over 1 million

kilowatts. Moreover, the region concentrates on building joint coal-electricity bases in Yiminhe, Huolinhe, and Yuanbaoshan in the eastern part. The Nos. 1 and 2 generating sets of the first-phase project of the 1.2 million-kilowatt Fengzhen Power Station have gone into operation and generated electricity, and the construction of the Nos. 3 and 4 generating sets has also started. Preparations for the first-phase project of Dalad Power Station, Asia's biggest thermal power plant with a planned capacity of 5 million kilowatts, are being carried out.

The metallurgical industry, which is another pillar industry of Inner Mongolia, has entered a new stage of development. The total industrial output value of Baotou Steel and Rare Earth Corporation, China's important iron and steel production base and biggest rare earth production base, will increase by 100 percent in the Eighth Five-Year Plan over that in the Seventh Five-Year Plan, producing 3 million tonnes of iron, 3 million tons of steel, and 13,000 tons of rare earth annually. The expansion of another group of mines, such as Baiyinnuoer Lead-Zinc Mine, Huogeqi Copper Mine, and Bainaimiao Copper Mine, will substantially increase the region's capacity to exploit nonferrous metal. A number of supporting smelters will gradually be completed and commissioned in the next few years.

Meanwhile, the construction of a "supporting project for Hetao irrigated area," which incorporates water conservation and the comprehensive development of agriculture, animal husbandry, and forestry and which involves a total investment of 550 million yuan, is being intensified. The future Hetao area will become China's important commodity grain base.

To suit the needs of comprehensive exploitation and development, Inner Mongolia Autonomous Region is improving the investment climate from the "intangible" and "tangible" aspects. The construction of the local Jitong railway linking the eastern and western parts of Inner Mongolia, started in the first half of 1990, and the reconstruction of four key highways in the Eighth Five-Year Plan will cover the entire region. Civil aviation and telecommunications facilities have changed considerably. Now, people can fly directly to many major cities in the country and there is also air service between major leagues and cities in the region. From some major cities in Inner Mongolia people can talk with major cities in the world and the country by phone.

Some regulations for encouraging the introduction of foreign capital have been adopted and the autonomous region has promulgated a series of preferential policies, as well as 83 specific projects for cooperation with foreign countries. It has also formulated corresponding policies to give preferential treatment to intellectuals in the region and to attract intellectuals and other trained personnel from outside the region. The increasingly improved investment climate has greatly aroused the interests of investors and farsighted people at home and abroad. Between January and July this year, 25 joint ventures went into operation.

### East Region

#### Anhui's Lu Rongjing Meets UNDRO Official

OW0108140191 Hefei ANHUI RIBAO in Chinese  
26 Jul 91 p 1

[By ANHUI RIBAO reporter Liu Xuanwu (0491 6693 2976)]

[Text] Lu Rongjing, secretary of the provincial party committee, met with Mr. Essaied, senior representative for disaster relief from the UN Disaster Relief Coordinator's Office [UNDRO], at the Luyang Hotel on the evening of 25 July. Vice Governor Shao Ming was also present on the occasion.

Essaied and his party arrived in Hefei on 24 July. They set out for the disaster areas to conduct an inspection immediately after their arrival. Lu Rongjing extended sincere thanks to Essaied for coming to our province to inspect the disaster situation despite the long, tiresome trip. He said: Our province has been hit by a catastrophic flood, which has rarely been experienced in the past. After the occurrence of this disaster, the Anhui people united as one to fight the flood courageously under the leadership of the party and the government. Now, the most critical question is how to meet the daily needs of the several million victims. At present, it is of utmost importance to solve their food, living, and medical service problems. We adopted numerous measures in this regard, but because there are such a large number of victims and they are so widespread, we are still faced with many difficulties. Because of this, we request that the United Nations further display its humanistic spirit and give us assistance.

Mr. Essaied said: I am very pleased that the United Nations assigned me the job of inspecting China's disaster areas. What I saw today in the disaster areas is more serious than I expected. I am moved by what you have done for your people. I will promptly report to the United Nations what I have seen here, so that you will be provided with effective international assistance.

After the meeting, Vice Governor Shao Ming presided over talks between the pertinent provincial departments and Essaied concerning United Nations disaster relief aid to be provided to our province.

#### Governor Views Situation for Anhui Flood Victims

HK0208072991 Hong Kong WEN WEI PO  
in Chinese 2 Aug 91 p 2

["Special dispatch" by WEN WEI PO special correspondent Yao Hsin Pao (1202 2946 0202)]

[Text] Hefei, 1 Aug (WEN WEI PO)—In an anxious tone, Anhui Provincial Governor Fu Xishou told this reporter during an interview yesterday: For the moment, the greatest worries for the provincial government are whether the vast number of people who have particularly

seriously suffered from the disaster and have been saved can continue to survive and whether it is possible to prevent widespread epidemics and other major problems in the days to come.

In a dismal tone, Governor Fu Xishou said: This flood affected 14 million people in Anhui. By now over 5 million people are still besieged by flood, many of them have been living in the middle of filthy mud and water for more than half a month.

Fu Xishou admitted the losses caused by this extraordinarily great flood are actually too great to be afforded by Anhui Province alone.

We are confident that we can save the flood victims for the present, but what we are most worried about is how they are going to pass the coming winter, he added. Usually a great flood will be followed by a severe winter—the case of the winter in 1954 after a flood was a good example. To survive this winter, the tens of millions of flood victims will not only need large quantities of clothes to keep warm, but also shelter to keep out the cold and, most important, the supply of food. By that time we will have to deal with a much more serious shortage of food than what we are facing now. Now some 1.56 million village houses have been destroyed and another 2.5 million have been damaged. In the next few months, more flooded houses will collapse. Therefore, life will be much more difficult in this winter ahead than it is now.

It is in consideration of the flood victims' needs this winter that the provincial government has to plan for a longer term in distributing relief supplies, grain, and funds. Delivery of relief supplies to flood victims is not our ultimate goal, Governor Fu said. While carrying out the urgent relief operation, the provincial government must also think about how to help the flood victims tide over the winter and make unified planning and reasonable arrangements accordingly. For this reason, the provincial government does not want to spend all the donated supplies in a short period, and, in this connection, hopes that all those, at home and abroad, who have offered the province great help, will make full allowances for the situation in this province.

Governor Fu Xishou also noted that the provincial government has set three principles to ensure that the relief funds and supplies will all be used for flood relief. First, the relief funds and supplies will be kept under strict control; second, supervision will be strengthened; and third, anyone who is found having violated the law and discipline in this regard will be punished without mercy. Finally, in order to make sure that the relief funds and supplies are properly used, the appropriation of funds and allocation of supplies will be made known to the public.

Talking about the rebuilding of homes, Governor Fu said it would take the province at least three years to initially



complete the task. How to help local people restore production and provide for themselves has now been put on the agenda of the provincial government and treated as an important task.

### **Artificial Rainfall Alleviates Jiangxi Drought**

OW0208073691 Beijing XINHUA in English  
0125 GMT 2 Aug 91

[Text] Nanchang, August 2 (XINHUA)—While neighboring Jiangsu and Anhui Provinces are fighting devastating floods, mountainous Jiangxi Province is suffering from the most serious drought in more than 40 years.

Many small and medium-sized reservoirs and rivers have dried up, and more than one million ha of crops urgently need watering.

To ease the drought the province has created artificial rain at 89 spots in 13 counties. In some places the precipitation has been as high as 40 mm.

### **Abductors of Women Put To Death in Shandong**

SK0108073191 Jinan Shandong People's Radio  
Network in Mandarin 2200 GMT 31 Jul 91

[Text] On the morning of 31 July, the Liaocheng Prefectural Intermediate People's Court held an open trial at Liaocheng's [words indistinct], at which, 24 dangerous convicts guilty of abducting and selling women were put to death.

A struggle against the abduction and trading of humans is being waged. Since June, people's courts at two levels in Liaoning Prefecture have dealt severe blows to criminals guilty of abducting and selling people, in line with the principle of trying major and appalling cases in advance and the principle of seriously punishing criminals according to law.

Among the 12 cases of kidnapping and selling people, which just concluded, 14 criminals involved were put to death according to law.

From 1986 to June this year, Wu Zhangkao, Hua Shengli, and Wang Mingjiang, peasants of (Wujiahe) Village in Shenxian County's (Dawangzhai) Township, abducted and sold 38 women in Beijing, Zhengzhou, and Shijiazhuang, gaining 68,000 yuan from the sales. Hua Shengli and Wang Mingjiang even raped two of the abducted women. Wu Zhangkao, Hua Shengli, and Wang Mingjiang were sentenced to death according to law and were deprived of lifelong political rights.

### **Economic Work Successfully Developed in Shandong**

SK0208082091 Jinan Shandong People's Radio  
Network in Mandarin 2200 GMT 1 Aug 91

[Text] The economic and trade work of the open economic zone in Shandong peninsula, including the seven cities of Qingdao, Yantai, Weifang, Zibo, Rizhao, Weihai, and Jinan witnessed great success since the

reform of our province's foreign economic and trade system and the implementation of the system of integrating economic relations with trade. During the first half of this year, the total purchase of export commodities was valued at 5.33 billion yuan, an increase of 13 percent over the same period last year.

During the first half of this year, the characteristics in the economic and trade work of these seven cities located in the open economic zone of Shandong peninsula were:

First, they initially improved the relations between production and marketing. Their development of economic relations and trade was effectively guided by change, in the international markets. These seven cities approved 396 items on the utilization of foreign capital, an increase of 186 items over the same period last year, during the first half of this year. The contracts involved \$210 million in foreign capital, an increase of more than 90 percent over the same period of the previous year. Under the guidance of foreign trade information, all cities placed the development strategic emphasis of export production on items which the state has encouraged to develop, such as the production of energy and raw materials, and projects that stimulate technological progress in various trades.

Second, they took the international markets as their guide and succeeded in initially readjusting their product mix. In line with the changes in the international markets, these seven cities resolutely cut the production of products that incurred great losses, and expanded the export of products of low production cost and new-technology products. In the first half of this year, these cities developed 140-odd new technological items. The purchasing value of goods for export showed a net increase of more than 200 million yuan.

Third, they achieved a fairly great breakthrough in developing farming that can earn foreign exchange and township export processing industries. In the first half of this year, fifty-six counties in these seven cities had 14 enterprises whose exports exceeded 100 million yuan.

## **Central-South Region**

### **Guangdong's Economy for First 6 Months Viewed**

HK0208040891 Guangzhou YANGCHENG WANBAO  
in Chinese 27 Jul 91 p 1

[By reporter Pan Weiwen (3382 0251 2429) and correspondent Tan Yangbo (6223 2254 3134)]

[Text] The first half of this year has passed. What is Guangdong's industrial situation? Through visits and analysis, this reporter can summarize the situation in this way: Guangdong's industrial production has tided over a difficult period and entered a normal development phase.

In the first half of this year, the total industrial output value of the whole province reached 95.452 billion yuan,

up 27.1 percent over the same period last year. The upward trend has been sustained for one year since the second half of last year. Various signs show that this trend can be maintained in the future and that the industrial situation is gratifying.

Guangdong's industrial production showed a better performance in the first half of this year than expected. Many industries turned out readily marketable goods and enjoyed a balance between production and sales. In order to put an end to the sluggish market, all enterprises paid special attention to market demand and regarded it as guidance in their efforts to develop new products. During the first six months of this year, 1,000 new products and 15,000 new varieties were developed by various industrial sectors throughout Guangdong. Thanks to a rebound in the domestic market, sales of various products took an upward trend and the goal of selling all of the products produced was basically accomplished. Products such as light fabric, household electrical appliances, foodstuffs, and soft drinks even enjoyed better sales. The amount of funds used in turning out products and manufactured goods was reduced month after month. Growth was registered in the industrial production of 19 cities across the province, while coastal areas and major cities continued to enjoy a relatively high growth rate accounting for 87.7 percent of newly increased output value. Apart from the coal industry which attained the same growth rate as last year, 15 major industries in Guangdong saw an increase in output. It was even more gratifying that exports of industrial products sustained steady growth. After the state started to implement a new foreign trade system of full financial responsibility this year, people originally expected a fairly heavy negative impact on exports of industrial products because the cost of industrial products in Guangdong is generally high. Thanks to the efforts of various sectors, Guangdong's gross export value of industrial products in the first half of this year increased by 26.4 percent over the same period last year, making up 28.65 percent, or almost one third of the total industrial output value of last year. Enterprises began to produce good economic results. State-owned industrial enterprises included in the state budget saw a 25.31 percent increase in their output value and a 34.27 percent rise in profit and taxes (though the rate of losses still stood at 38.43 percent), basically achieving simultaneous growth in production, sales, profits, and taxes.

How should we view Guangdong's industrial growth rate this year? People in industrial circles consider the present growth rate reasonable upon analysis of the current industrial situation. They base their views on the following grounds: This growth rate was achieved when the market began to rebound in the second half of last year after experiencing more than one year of sluggishness. This year's growth rate also appears relatively high when compared with last year's 8.8-percent low base of output value in the first half of last year, a period with of relatively low growth in recent years. Judging from the market situation, Guangdong had an earlier market

rebound than other provinces in the country. At present, the consumption psychology of residents in Guangdong is relatively sound, prices on the market are stable, and savings of urban and rural residents are on the rise. By the end of last June, the balance of savings of urban and rural residents across the province amounted to 92.3 billion yuan, 17 billion yuan more than that of the previous year. There are no signs of excessive growth in the market, for growth in industrial production and market sales are taking a favorable turn at the same time. By the end of June, the amount of funds used to turn out products and manufactured goods by state-owned industrial enterprises was reduced by 340 million yuan, down 6.56 percent. This thus shows that this growth rate is fairly realistic.

At present, industrial production in Guangdong is faced with the following major difficulties: 1) Enterprises lack circulating funds. This is mainly caused by defaults in debt repayments between enterprises, especially the increasing amount of "debt chains," which have retarded the normal circulation of funds in enterprises. 2) The railway transportation service and electricity supply are insufficient. The railway transportation capacity can only meet 70 percent of social demand. This insufficient supply of electricity is a result of droughts afflicting Guangdong in a previous period, when hydro-electric power plants reduced production by a quarter while demand for electricity increased by a large margin, such as in antidrought campaigns by residents and hotels, and from commercial users. Such being the case, the contradiction between supply and demand of electricity became conspicuous again. Moreover, some parts of Guangdong were hit by Typhoon No. 7, which also produced an adverse impact on industrial production. Nevertheless, Guangdong's industrial production remained on a stable upward trend in the second half of this year. However, because the base of output value in the second half of last year was relatively high, a slight setback is thus expected in output growth in the second half of this year.

#### **Guangdong's 1st Female Vice Governor Interviewed**

HK0208025491 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1003 GMT 30 Jul 91

[Report by staff reporter Shao Ping (6730 1627): "From Veterinarian to Vice Governor: Interview With Li Langfang, Guangdong's First Female Vice Governor"]

[Text] Guangzhou, 30 Jul (ZHONGGUO XINWEN SHE)—The Guangdong Provincial People's Congress Standing Committee today appointed Li Langfang, a person with no party affiliation, vice governor. This is the first female vice governor in the history of Guangdong.

Li Langfang is a Manchurian and her family has lived in Guangzhou for generations. She worked as a veterinarian in Guangzhou suburbs for 20 years, doing her utmost to promote fine quality chicken and lean-meat

pigs, following her graduation from the Huanan Agricultural Institute in 1965. Li said that she was "unexpectedly" appointed deputy head of the Guangzhou suburbs in 1984. From then on, she stepped into the political circle from the post of an ordinary technical professional. In June 1988, she was elected vice mayor of Guangzhou. Today, three years later, she has been appointed vice governor.

Li Langfang's father was a doctor, who died when she was only 10 years old. She cultivated a hard-working, kind-hearted, and self-improvement behavior because of her unfortunate childhood. After assuming the office of vice mayor, she often said: I must properly perform my duties and always be concerned about the weal and woe of the people since I am appointed to this post. Many parents wrote to Li Langfang, complaining about their children degenerating after reading pornographic books and periodicals obtained in the streets. Li immediately summoned personages from the cultural, publication, and public security departments to form a special group to screen and rectify the book market. When the nationwide activities against "seven evils" had not yet started, Guangzhou had already achieved initial successes in screening and wiping out pornographic books and periodicals.

You can often hear the inhabitants of Guangzhou say: If you have any difficulties, go and see Li Langfang. On a certain occasion, a disabled girl, a stranger to Li Langfang, knocked at Li's door. She wanted to go abroad to attend a typing contest. She asked the mayor to borrow for her a certain model typewriter designated for the contest. Li Langfang immediately made telephone calls and eventually borrowed a typewriter from her daughter's classmate. Someone asked Li Langfang: Do you not feel bored to personally attend to such a trifling matter? Li replied: We should attend to both major and minor issues. The key is to do practical things. The inhabitants will increase their confidence and support for the government from these practical things.

As well as a government official, Li Langfang is also a housewife of a family of four. In the evening, she always tries to decline the social activities that can be declined so that she can have dinner at home. Usually, she buys groceries and cooks.

Influenced by her husband, Li is now fond of playing bridge. She said that bridge is good for intelligence and increasing the capacity to take the whole situation into account and plan accordingly.

On her personal feeling after assuming the office of vice governor, Li said that it is not yet the time to express it. Above all, she will go to the grass-roots levels for several months and acquire a correct understanding of the practical situation of the masses and various departments. If I was regarded as a mayor of the inhabitants in the past, Li said, I also hope to be a governor of the inhabitants in the future.

### Hainan Governor Receives Relief Donations

HK0108150191 Haikou Hainan People's Radio  
Network in Mandarin 2300 GMT 30 Jul 91

[Excerpts] Zhang Chengzhong, vice manager of the Hainan International Overseas Investment Limited Company, and Hu Kezhen, general manager of the Hainan Electronics Industry Corporation, handed over to Governor Liu Jianfeng the money given as a contribution to the people in disaster areas by their companies in the provincial government office building yesterday afternoon.

Governor Liu expressed gratitude for their enthusiastic support for the disaster areas. [passage omitted]

The Hainan International Overseas Investment Limited Company donated HK\$500,000 [Hong Kong dollars], of which HK\$350,000 was for disaster victims in eastern China and the rest for disaster victims in this province. The Hainan Electronics Industry Corporation gave 80,000 yuan.

### Xiong Qingquan at Hunan Party History Meeting

HK0108124991 Changsha Hunan People's Radio  
Network in Mandarin 2200 GMT 29 Jul 91

[Excerpt] The provincial party committee decided to organize the broad masses of party members, cadres, and people to study the party's history in accordance with the Central Committee's unified arrangement. The campaign will begin in September and last seven months.

At the provincial work conference on studying the party's history which ended yesterday, Comrade Yang Zhengwu said: It is necessary to assess the importance of studying the party's history against the international situation, the struggle against peaceful evolution, the task of building socialism with Chinese characteristics, and the necessity for adhering to party leadership and for strengthening party building.

After listening to reports by the commission for studying the party's history under the provincial party committee, provincial party committee Secretary Xiong Qingquan and other provincial leaders repeatedly emphasized that it is necessary to earnestly study the party's history and theory on building proletarian parties while studying Comrade Jiang Zemin's speech delivered at the Beijing rally marking the party's 70th founding anniversary.

On behalf of the provincial party committee, Comrade Yang Zhengwu made a speech at the meeting, saying: In the past our party correctly analyzed and handled various complicated international and internal relations and has accumulated a wealth of experience in this respect. We must apply this experience to reality so that we can always be in an invincible position. We must consciously analyze the experience gained in strengthening party building and enhancing the party's fighting capacity. Under the new historical conditions, we must strengthen party building in a comprehensive way and better take on the task history has entrusted to our party. [passage omitted]



## Southwest Region

### Sichuan's Yang Rudai Inspects Luzhou

HK0108130391 Chengdu Sichuan People's Radio  
Network in Mandarin 0915 GMT 30 Jul 91

[Excerpts] Provincial party committee Secretary Yang Rudai and his entourage inspected Luzhou 27-29 July. [passage omitted]

Comrade Yang Rudai explicitly called for greatly developing agriculture-oriented science and technology and grasping the present opportune moment to invigorate large and medium-sized enterprises.

After listening to a disaster-resistance and disaster-relief work report made by Luzhou City, Comrade Yang Rudai praised Luzhou City for bravely facing up to frequent disasters, not passively awaiting disaster relief, and actively resisting disasters.

Together with scientific and technological personnel, Yang also went into the fields and discussed with them ways and means aimed at successfully pushing ahead with in-depth agricultural development. He praised scientific and technological personnel as pioneers of new productive forces and deemed agriculture-oriented scientific and technological research useful and meaningful. He also happily wrote the following inscription: The hope of agriculture lies in science and technology.

Comrade Yang Rudai also stressed: We must not waver upon the party's rural policies and must stabilize the system of contracted responsibility with remuneration linked to output, set the minds of the peasants at ease, and strengthen collective economic strength, especially village-level collective economic strength, by suiting measures to local conditions.

With regard to economic work, Comrade Yang Rudai called for grasping the present hard-won turn for the better, invigorating large and medium-sized enterprises, relaxing policy control over enterprises, and enabling enterprises to make full use of all existing policies. [passage omitted]

### Three Executed in Chongqing for Robbing Bus

HK0208110791 Hong Kong AFP in English 0953 GMT  
2 Aug 91

[Text] Beijing, Aug 2 (AFP)—Three highwaymen were executed in the western Chinese city of Chongqing for robbing a public bus and injuring seven people, according to a local newspaper seen Friday.

The Chongqing Intermediate People's Court sentenced Lan Huadong, Xiong Wenwu and Li Ping to death during a July 12 mass meeting, the SICHUAN LEGAL NEWS [SICHUAN FAZHI BAO] reported.

The three, all of them farmers, were executed immediately afterward.

Wielding knives, the condemned men and two accomplices boarded a long-distance bus January 7 and robbed 31 passengers, injuring seven of them, the newspaper said, adding that they managed to get only 1,000 yuan (187 dollars).

Five days earlier, Lan and Xiong used knives to rob two cigarette vendors of 160 yuan (30 dollars) in goods and 170 yuan (32 dollars) in cash.

"This gang of criminals engaged in robbery in broad daylight and aroused the indignation of the people. The broad masses of people demanded serious punishment in accordance with the law," the newspaper said in explaining the sentences.

The TIANJIN EVENING NEWS [TIANJIN WANBAO] reported separately that a murderer and a robber were executed in the northern port city Tuesday.

Zhao Jun, 28, murdered his boss when he discovered that he would not be given an apartment, while Guo Gengsheng, 39, was sentenced to death for repeat robberies.

### Yunnan Plans To Build New Hydropower Stations

OW0108051391 Beijing XINHUA in English  
0211 GMT 1 Aug 91

[Text] Kunming, August 1 (XINHUA)—Yunnan Province will make great efforts to tap the abundant water resources of the Lancangjiang River and make it the largest hydropower base in southwest China.

According to a developmental plan, eight power stations will be built along the lower reaches of the river, with a total installed capacity of 13.7 million kwt and an annual generated energy of 70.8 billion kwh.

The construction of the first of the power stations, with an installed capacity of 1.5 million kwt and an annual generated energy of 7.884 billion kwh is now being undertaken at Manwan. The generating unit is planned to be put into operation by the end of 1992.

As one of the country's key projects in the Seventh Five-Year Plan (1986-1990), the Manwan Power Station will cost about 1.1 billion yuan, co-funded by the central government and the province.

After its completion, Yunnan will co-operate with the Ministry of Energy to build a second generating unit at Dachaoshan with a total installed capacity of 1.26 million kwt. Other generating units will be built and put into operation by the end of the century.

The Lancangjiang River rises in Mt. Tanggula in Qinghai Province in northwest China and winds its way through the Tibet Autonomous Region and then to Yunnan. It drops some 1,780 m, with an annual discharge of 68.8 billion cu m.

Yunnan is well-known for its abundant natural resources and has achieved a great deal in tapping them over the past 10 years.



However, the province is still lagging behind economically compared with the coastal provinces, due to social and historical reasons. By the end of last year some 100 counties out of its total 127 needed financial subsidies, and the Lancangjiang River area, which accounts for some one-third of the total provincial territory, is especially underdeveloped.

The provincial authorities have worked out a plan to develop the area by giving priority to tapping the water resources of the Lancangjiang River. Now the hydropower-nonferrous metal development area on the middle reaches of the Lancangjiang River has been listed as one of the 19 key development areas in the country. The construction of a railway leading to the area will be started soon.

According to Li Shuji, deputy governor of the province, another five hydropower stations will be built early in the next century. This development plan will lead to an economic takeoff in the province and also supply those coastal provinces short of power with electricity, he explained.

### North Region

#### Xing Chongzhi Attends Enterprise Work Conference

SK0208005191 Shijiazhuang HEBEI RIBAO  
in Chinese 16 Jun 91 p 1

[By Gao Wei (7559 0251) and Han Xianjun (7281 3807 6511)]

[Excerpts] The work conference of large and medium-sized enterprises opened in Shijiazhuang on 15 June. The conference is devoted to analyzing the situation among large and medium-sized enterprises throughout the province; summarizing and exchanging experiences; probing the policies and measures to enliven large and medium-sized enterprises; and mobilizing these enterprises to shift their methodology, to be self-reliant, to deepen their internal reforms, to enhance their management, to increase their economic results, and to make new contributions to promoting the province's economy to achieve sustained, stable, and harmonious development.

Cheng Weigao, governor of the province, delivered a speech entitled "Be Self-Reliant, Shift One's Concept, and Enliven Enterprises" during the conference. [passage omitted]

Song Shuhua, vice governor of the province, also delivered a speech on unifying thinking, cooperating with each other to form a complete set, and realistically reinforcing the vigor of large and medium-sized enterprises during the conference.

Ye Liansong, executive vice governor of the province, presided over the conference in the morning that day. Attending the conference were Xing Chongzhi, secretary of the provincial party committee; Gao Zhi, chairman of the provincial People's Congress Standing Committee; and Gu Erxiong and Chen Liyou, vice governors of the province.

In the afternoon that day, the work conference participants announced the namelist of 21 enterprises which achieved good economic results in 1990 and made marked contributions to economic development. [passage omitted]

#### At Party Founding Forum

SK0208083291 Shijiazhuang HEBEI RIBAO  
in Chinese 17 Jun 91 p 1

[By Li Chun (2621 2504) and Kang Enhua (1660 1869 5478)]

[Excerpts] Today, endless applause and sincere talks were heard at the meeting room of Bailou Guesthouse in the provincial capital. The forum of veteran party members and cadres and of well-known party members and experts to mark "1 July," sponsored by the provincial party committee, was enthusiastically held there.

During the forum, in line with the scientific and technological development and the gratifying achievements of our country and our province, Zou Renyun, Wei Jiankun, and other experts and scholars said emotionally: The Chinese nation was once a scientifically and technologically under-developed and disaster-ridden. It was the CPC that led the people throughout the country to stand up and to open a new chapter of scientific and technological progress. Our country rapidly developed its science and technology since the founding of the country, particularly since the third plenary session of the 11th party Central Committee. Our country already reached the world advanced levels, particularly in areas such as the research of superconduction materials, nuclear technology, and rocketry. Comrade Deng Xiaoping's advocacy that "science and technology are the first productive forces," is a very wise judgement. In the future, further shifting economic construction to the path of relying on scientific and technological progress will surely guarantee the successful realization of the second-step strategic objectives. In addition, this will also help to lay a solid foundation for realizing the third-step strategic objectives. [passage omitted]

Xing Chongzhi, secretary of the provincial party committee, presided over and addressed today's forum. He said: Today, all of you reviewed our party's brilliant over course 70 years in line with your own personal experiences, talked freely about the good experiences and traditions concerning party building, and offered many good opinions and suggestions for the work at present and in the future. In this connection, let me extend lofty regards to you on behalf of the provincial party committee.

Xing Chongzhi pointed out: Summing up the past positive and negative experiences and lessons, and in line with the situations and tasks facing our party, in the future we must persist in achieving the following: 1. We should actively strengthen the self-cultivation of the ruling party; 2. We should unswervingly and comprehensively implement the party's basic line; 3. We should pay great attention to ideological work; 4. We should train and nurture thousands

upon thousands of successors for carrying out the proletarian revolutionary cause, and enable the party and country to have better successors for carrying out their cause from generation to generation.

Also attending today's forum were other provincial leaders, including Lu Chuanzan, Li Bingliang, Guo Zhi, Ye Liansong, Liu Shanxiang, Chen Yujie, Han Licheng, and Zhang Zhenhuan.

Veteran comrades including Liu Bingyan, Xie feng, Wang Dongning, Zhao Zhuoyun, Lu Zhiguo, Xu Ruilin and Cao Youmin, also attended the forum.

### **Hohhot Rubber Plant Explosion Kills Five**

SK0208093591 Hohhot Inner Mongolia People's Radio Network in Mandarin 1000 GMT 1 Aug 91

[Text] There was an explosion at Hohhot's No. 2 rubber plant at 1942 on 31 July, killing five staff members and workers and injuring six others. The accident caused more than 400,000 yuan in damage.

A high-pressure vulcanizing boiler at the plant's hot gelatin workshop caused the explosion. The fire was extinguished by 2250.

### **Inner Mongolia's Chifeng City Elects New Mayor**

SK0208102891 Hohhot NEIMENGGU RIBAO in Chinese 17 Jun 91 p 1

[Text] The first sessions of the Second Chifeng City People's Congress and the Second Chifeng City Chinese People's Political Consultative Conference [CPPCC] Committee ended respectively on 31 and 29 May. During the sessions, Bao Pengfei (7637 7720 7378) was elected chairman of the city People's Congress; Gao Lianyuan (7559 6647 0337) was elected mayor of the city; Qian Bolin (6929 2672 2651) was elected chairman of the city CPPCC Committee; and Su Yala (5685 0068 2139) and Han Xuedong (7281 1331 2639) were elected president of the city intermediate people's court and chief procurator of the city people's procuratorate, respectively.

## **Northeast Region**

### **Sun Weiben at Heilongjiang CPC Founding Forum**

SK0208032691 Harbin HEILONGJIANG RIBAO in Chinese 29 Jun 91 p 1

[By Wang Xuemei (3769 7185 2734): "Retired Cadres of Provincial-Level Organs Hold a Forum To Mark 1 July"]

[Text] A forum was held today at the provincial veteran cadres activity center to mark the 70th anniversary of the party's founding. More than 70 retired cadres who joined the revolution during the first and the second domestic revolutionary wars, the anti-Japanese war, and the liberation war attended.

The forum was cosponsored by the Organization Department of the provincial party committee and the Veteran Cadres Bureau of the provincial party committee, on behalf of the provincial party committee.

Provincial leaders, including Sun Weiben, Shao Qihui, Zhou Wenhua, Ma Guoliang, Wang Haiyan, and Chen Yunlin, attended today's forum. Also attending were retired veteran cadres, including Zhao Dezun, Chen Jianfei, Chen Yuanzhi, Zhang Ruilin, Lu Guang, Bao Zong, Wang Mingui, Yang Zirong, and Wang Weizhi.

Zhao Dezun, Chen Jianfei, Yang Zirong, Wang Weizhi, Shi Ming, Zhao Guozhen, Wang Songru, Zhao Jiejin, and Wang Jun reviewed the party's 70 years of the history of struggle and the glorious achievements in their speeches. They talked freely about the glorious, but arduous tasks facing our party during the new historical period and offered opinions and suggestions for further strengthening and improving the party leadership and intensifying the building of ideology, organizations, and party work style.

Sun Weiben also addressed the forum. He stressed that at present we must give prominence to solving three problems. First, we should adhere to the party's basic line and the principle of reform and opening up, and push our province's economic construction forward by "cooperating with the south and opening up the north." Second, we should strengthen propaganda and education on Marxism among the broad masses of people. At present, it is very necessary to use Marxism-Leninism-Mao Zedong Thought to arm the whole party in view of the strategy of "peaceful evolution" advocated by the domestic and foreign hostile forces. It is necessary to make special efforts to strengthen education on the Marxist basic theory among leading cadres at all levels. Third, we should uphold and promote the party's fine traditions; continue to improve ourselves; stand the tests of "peaceful evolution" and holding office and working for reform and the opening policy; and persist in the fine traditions of maintaining close ties with the masses, conducting criticism and self-criticism, being prudent and careful, and engaging in arduous struggle. Only thus, can we win popular trust and support.

Sun Weiben expressed hope that retired veteran cadres across the province would continue to come forward with ideas, serve as advisers, and offer plans and efforts to stabilize and develop Heilongjiang's economy. He also hoped that veteran comrades would shoulder the sacred duty of caring for the next generation with a high sense of political responsibility and exemplary deeds.

### **Heilongjiang Capital Attracts Overseas Investors**

OW0108053091 Beijing XINHUA in English 0117 GMT 1 Aug 91

[Text] Harbin, August 1 (XINHUA)—Harbin, capital of northeast China's Heilongjiang Province, has become a hot spot for overseas investors.

In the first half of this year 46 new overseas-funded enterprises were registered, involving 26.62 million U.S. dollars in foreign funds, 6.4 times that for the same period last year.

By the end of June the city had registered 126 overseas-funded enterprises. The number is expected to exceed 200 by the end of this year, according to Deputy Mayor Zhu Shengwen, who is responsible for foreign investment affairs in the city.

Of the newly registered overseas-funded enterprises, 28 are engaged in industrial production, nine in urban construction and transportation, and another nine in the catering trade.

These investments come from Hong Kong, South Korea, Taiwan, Japan, the United States, Macao, Australia, the Soviet Union and Singapore.

In the first half of this year overseas-funded enterprises in Harbin earned two million U.S. dollars in foreign currency. The total is expected to reach five million U.S. dollars by the end of this year.

Economic analysts say that the city, being an old industrial center with a solid industrial and technological foundation and an important window onto the Soviet Union and East European countries, will become more and more attractive to foreign investors.

### Northwest Region

#### Yin Kesheng Speaks at Qinghai Women's Rally

HK0208045891 Xining Qinghai People's Radio  
Network in Mandarin 2200 GMT 30 Jul 91

[Excerpts] The Xining Gymnasium was engulfed in a cheerful and lively atmosphere yesterday afternoon. Nearly 5,000 women from organs directly under the provincial authorities as well as factories, mines, enterprises, and undertakings affiliated to various provincial departments and bureaus assembled there to solemnly celebrate the 40th anniversary of the founding of the provincial women's federation.

Yin Kesheng, Tian Chengping, Pang Zhenren, Cai Zhulin, Doba, Qiang Jianhua, Yang Maojia, and Han Yingxuan as well as Huang Qizao, vice president of All-China Women's Federation and first secretary of

All-China Women's Federation's secretariat; Liao Shilun, president of the Gansu Provincial Women's Federation; and Ma Shilan, president of the Ningxia Hui Autonomous Regional Women's Federation, attended and extended congratulations to the rally.

Ye Shisu, provincial women's federation president, reviewed the achievements scored by the provincial women's federation since it was founded 40 years ago. She said: Over the past 40 years, under the leadership of the party and government, some 2.15 million women of all nationalities in our province played a special role in building the socialist material civilization and spiritual civilization. Especially, since the third plenary session of the 11th party Central Committee, in order to fulfill the party's strategic goals, they have actively thrown themselves into the reform and displayed their talents and skills in all fields. By 1990, the number of women cadres in our province had risen from 400 in the early years of liberation to more than 50,000. [passage omitted]

Yin Kesheng and Huang Qizao delivered speeches.

In his speech, Yin Kesheng first of all affirmed the contributions made by the provincial women's federation in political, economic, as well as other fields over the past 40 years. He said: The last 40 years witnessed the continual development and progress of the women's movement. He hoped that the broad masses of women across the province will conscientiously study Jiang Zemin's speech delivered on 1 July; strengthen a sense of responsibility and a sense of urgency in developing and building Qinghai; develop the fine style of working hard and doing pioneering work; carry out in-depth activities of publicizing five stresses and four aspects of beauty [stress on civilization, courtesy, hygiene, discipline, and ethics and beauty in spirit, language, behavior, and environment]; actively participate in political, economic, and social affairs management; and strive to build a civilized, prosperous, united, and progressive new Qinghai.

The provincial civil affairs department, the provincial military district, and some other units as well as the Hebei Provincial Women's Federation, the Xinjiang Uygur Autonomous Regional Women's Federation, and the Shaanxi Provincial Women's Federation sent congratulatory letters and presented silk banners to the rally.

After the rally, provincial party and government leaders joined the participants in watching excellent literary and art performances.

**'Rambling Talks' Program Rebuts 'Dual Recognition'**

OW0108172991 Beijing Central People's Radio  
in Mandarin to Taiwan 0205 GMT 1 Aug 91

[From the "Rambling Talks on Current Events" program, hosted by Lin Guang]

[Text] The Government Information Office on Taiwan recently ran a political advertisement in THE NEW YORK TIMES, stating that Taiwan is willing to establish diplomatic ties with foreign countries on the basis of so-called "dual recognition." The publication of the advertisement immediately triggered a spate of discussions in the media inside and outside the island. The advertisement was being viewed as a formal acknowledgement, for the first time, of "dual recognition" by Taiwan authorities. Amid the wave of media criticism, it was learned that concerned personages of Taiwan authorities still indicate that they intend to run the same advertisement, intact, in another U.S. newspaper.

The incident shows how desperate the Taiwan authorities have become in their bid to extricate themselves from the difficult position they are in within the international community and carve out a living space. Whether the authorities' aspiration may be satisfied, however, is not determined by their own wishful thinking; rather, it hinges on whether the aspiration is feasible and conforms to the reality of the international situation.

So-called "dual recognition" means that while recognizing the Government of the People's Republic of China, the international community is also to recognize and establish official relations with the Taiwan authorities, treating Taiwan as an independent political entity. This effectively divides China into two equal governments, each enjoying the status of a sovereign government in the international community. Here the crucial point is, once "dual recognition" becomes a reality, two Chinas will inevitably appear, or one China and one Taiwan in the world, and China will remain in a divided state for a long time to come. Apparently, the evil consequence that "dual recognition" may bring on is bound to hurt the interests of the entire Chinese nation; what is more, the fundamental interests of the people on Taiwan will be affected first.

Just think. The reunification of the two sides of the strait will become impossible to realize within the foreseeable future if the scheme of "dual recognition" succeeds. Taiwan inevitably would seek backing from the international community, given the situation it is in; foreign powers, in turn, would take the opportunity to exert influence on Taiwan. Once Taiwan fell in the hands of foreign powers, like an isolated boat drifting on a vast sea, its future would be fraught with grim possibilities. Under such circumstances, the 20 million compatriots on Taiwan would not be able to live and work in peace and contentment. The historical tragedy of Taiwan separating from the motherland would repeat.

If "dual recognition" enables the Taiwan authorities to obtain a space in the international community, the space will be bought with the separation of the country and the misfortune of the nation will its price. How will the Taiwan authorities bear this historical responsibility at such a heavy price?

If one can clearly see the ominous prospects of dual recognition, it will not be difficult to understand why the CPC steadfastly opposed any designs of this kind by the Taiwan authorities. As a matter of fact, it is exactly because of the reality of the international situation and the PRC's international status that dual recognition so far is still an imaginative picture drawn up by some people in Taiwan, and is not a reality.

Dear listeners, by looking back at the history of the evolution of Mainland China's and Taiwan's international status, we can easily reach the conclusion that dual recognition is actually a dead-end road leading nowhere. The human-imposed separation between the two sides of the strait is a result of the civil war as well as a product of the past international situation. Taiwan authorities were able to continue to claim to be the legitimate Chinese Government and occupy a seat at the United Nations only in the 1950's and 1960's, when the camps of East and West tensely confronted each other. Then, the Western powers ignored the existence of the PRC, adopting a policy of nonrecognition and blockade toward it. This situation existed for 20 years. During this period, Mainland China insisted that the PRC Government was the only legitimate government representing China and that Taiwan was an inseparable part of Chinese territory, and steadfastly upheld the principled stand of opposing Taiwan independence, two Chinas, and one China and one Taiwan. It did not give up this principle just because of some Western countries' refusal to recognize it. At the same time, Taiwan authorities also claimed that they were the legitimate government representing China, and regarded the CPC as a rebellious group. Beginning in the 1970's, many countries, including some Western countries, began to recognize the PRC and sever diplomatic ties with Taiwan when the two sides of the strait continued to be in a face-off and insist on their own stand. China's legitimate rights at the United Nations were restored and Taiwan was expelled from the United Nations.

During this process, no countries ever recognized Mainland China and Taiwan at the same time. The underlying reason that this situation happened was not that the two sides' positions insisting on their representation of China changed, but that the international community eventually had to face up and recognize reality. This reality was that any country wishing to deal with China must recognize the PRC Government, because this government is the only legitimate Government of China.

Years back when the UN General Assembly was discussing the issue of China's representation, the U.S. delegate, realizing the inevitability of the restoration of China's lawful seat, made a suggestion similar to dual



recognition. The United States also advocated dual recognition within the United Nations, accepting the mainland as the representative of China while retaining Taiwan as a member. This suggestion, of course, was rejected by the majority of UN members.

The course of events during this period of history explains that despite a divided China during the past four decades, the state of separation is unlike postwar East and West Germany or South and North Korea, which were both recognized by the international community. On the question of recognizing China, no country can give dual recognition and it must make a choice.

Through vicissitudes of history, an overwhelming majority of countries in the world today have made the correct choice on the question of recognizing China and established diplomatic relations with the PRC. This is to say that they do not recognize Taiwan authorities as a representative of the Chinese Government. However, Taiwan is demanding that these countries change their established positions by advocating dual recognition. Such an arbitrary demand is absolutely unreasonable and unlawful. The reason is simple: The PRC, as the sole legitimate Government of China, consistently adhered to its principled position in the past four decades and this position is immutable.

Since the beginning of this year, Taiwan authorities employed unusual means to win recognition from a few countries that maintained diplomatic relations with the mainland. These countries originally wished to recognize both sides, but were unable to realize their wish because of China's principled position. In this way, the intrinsic deficiency of dual recognition is brought to light. It is like a (degenerated) seed which, under no circumstance, will bear fruit.

In short, the ominous prospects of the implication of dual recognition determined that it will inevitably be opposed and rejected vehemently by the people on both the mainland and Taiwan. There basically exists no condition for dual recognition in both international realities and cross-strait relations. Dual recognition has no place to hide and will get nowhere. Should any unreasonable effort be made to find a way out for dual recognition, it will encounter nothing but setbacks.

#### **Taiwan Permits Indirect Remittances to Mainland**

OW0108143491 Beijing XINHUA Domestic Service  
in Chinese 0730 GMT 31 Jul 91

[Text] Hong Kong, 31 Jul (XINHUA)—Taipei: Taiwan's "Executive Yuan Mainland Affairs Committee" recently

approved the "Main Points for Present-Stage Banking Organizations Handling Indirect Remittances to the Mainland Area," permitting indirect remittances between Taiwan and the mainland.

The question of remittance has already become a focus of attention among Taiwan compatriots along with the increase in personal contacts, economic exchanges, and trade between the two sides of the Taiwan Strait. The Taiwan authorities now have to lift the ban on remittance between the two sides of the strait, yet according to the above-mentioned "Main Points," indirect remittance must be handled by a bank or a postal remittance and savings office designated by the Taiwan Authorities' "Central Bank," or through a bank in a third locality. The amount of money to be remitted must not exceed \$3 million. The "Main Points" also stipulates that any overseas branch of a Taiwan or mainland bank in a third locality is excluded from handling indirect remittance; also excluded are banks in a third locality with more than 50 percent of their capital invested by Taiwan or the mainland. In addition, the Taiwan "Communications Ministry's General Post Office" says indirect remittance between the two sides of the strait will be limited to telegraphic transfer and letter transfer; demand draft is still banned. Thus it can be seen that the Taiwan authorities are still setting many restrictions to the question of remittance between the two sides of the strait.

#### **Taiwan Donations for Flood Victims Received**

OW0108220091 Beijing XINHUA Domestic Service  
in Chinese 0732 GMT 31 Jul 91

[Text] Hong Kong, 31 Jul (XINHUA)—According to reports from Taipei [Taipei], donations from Taiwan compatriots to flood victims in the mainland continued to pour in during the past few days. So far, Taiwan's Red Cross Society already received donations from various circles totaling nearly 400 million new Taiwan dollars [NT\$].

To express profound solicitude for the mainland compatriots in flood-afflicted areas, Taiwan's entertainment circles recently staged a charity show "Send Our Hearts of Love to the Mainland," which was attended by numerous viewers. The show alone raised a total of NT\$41 million.

Materials donated by various circles in Taiwan were continuously transported out of Taiwan. The first batch of 8,000 kg of food was already airlifted to Hong Kong for transfer to Shanghai.

### **Ban on Direct Trade With Mainland Reaffirmed**

OW0208111091 Taipei CNA in English 0755 GMT  
2 Aug 91

[Text] Taipei, Aug. 2 (CNA)—The Republic of China need not lift its ban on direct trade with the Chinese mainland even if it is admitted to the General Agreement on Tariffs and Trade (GATT), a ranking Finance Ministry official said Thursday.

Wang Te-huai, director of the ministry's Customs Administration Department, was commenting on criticism that the government's mainland trade policy might hinder Taipei's bid to join the Geneva-based world trade regulatory organization.

The government still imposes restrictions on trade between the two sides of the Taiwan Strait, such as requiring all exchanges to be conducted through a third country or area, while GATT upholds free trade among its members on an equal and reciprocal basis.

Wang pointed out that Peking is not a GATT member. Moreover, he added, under the "one China" policy on which both Taipei and Peking insist, cross-straits trade is considered "domestic," not "international," trade.

Although the government currently forbids direct trade with the mainland, Wang said the ban may be lifted once Peking responds positively to Taipei's initiatives to promote China's peaceful reunification.

In preparation for possible direct cross-strait commercial exchanges, Wang said his department is studying communist China's tariff regulations. Government authorities in charge of trade and mainland affairs will also meet in the near future to discuss related problems, he added.

The Republic of China applied to join GATT in January 1990 under the name of "Taiwan, Penghu, Kinmen and Matsu Customs Territory."

### **Mainland Offers To Sell 'Nuclear Fuel'**

OW0208083491 Taipei CNA in English 0805 GMT  
2 Aug 91

[Text] Taipei, Aug. 2 (CNA)—Mainland China has offered through its sales agents to sell nuclear fuel to the state-run Taiwan Power Company [Taipower], but the Taipower has not made any reply.

A spokesman said three Hong Kong trading firms have solicited for sales of the nuclear fuel produced by "China Atomic Energy Industrial Co."

The Taipower has not made any reply, because the transaction and transfer of nuclear fuel would require appropriate international safeguard arrangements, and because the mainland affairs policy of the Republic of China does not permit such a transaction.

He said the Taipower has no need to purchase nuclear fuel from mainland China because it has plenty supply of the material at the present time.

The Taipower will continue to collect relevant trade information and will consider buying nuclear fuel from the mainland if and when the government policy permits it to do so, the spokesman said.

### **Continued Pledges for Mainland Flood Victims**

OW0208111991 Taipei CNA in English 0800 GMT  
2 Aug 91

[Text] Taipei, Aug. 2 (CNA)—The Republic of China will continue to help relieve the flood victims on the Chinese mainland, a government spokesman said Thursday.

Shao Yu-ming, director general of the Government Information Office, said the decision was made at a meeting of the Executive Yuan after the Mainland Affairs Council made a report on the current situation in the flooded areas.

Government leaders decided at the meeting to continue to relieve the flood victims with food, medicines, clothing, and other commodities rather than cash, Shao said.

"We hope the relief materials can really reach the hands of the flood victims," he said.

Shao expressed the hope that the Straits Exchange Foundation will be able to work with civic organizations, such as the clan associations of each province in the flooded areas, in order to make the relief work more efficient.

The Republic of China Government has donated one million U.S. dollars and 10,000 metric tons of rice to the flood victims through the Red Cross Society. The central and eastern parts of the Chinese mainland were ravaged by floods in the past two months. Millions of people have been made homeless by the floods.

Premier Hao Po-tsun has asked the Mainland Affairs Council to study the feasibility of donating more rice to the flood victims, Shao added.

### **Foreign Minister Chien on Diplomatic Situation**

OW0108131391 Taipei CHUNG YANG JIH PAO  
in Chinese 28 Jul 91 P 1

[Article by Chien Fu (Frederick Chien, foreign minister of the Republic of China): "New Diplomatic Situation and Breakthroughs"]

[Text]

#### **I. The Current International Situation**

We must first understand the current, general international environment to formulate and carry out a nation's foreign policy. Briefly speaking, the current international situation is showing the following three noteworthy trends:

### 1. Seeking to Establish a New International Order

Since World War II, the situation of confrontation between the United States and the Soviet Union has crumbled following the decline of communism. All countries, including European countries, the United States, and even the Chinese Communists, are talking about establishing a new international order. The key to establishing a new international order is how to establish a global, new code of conduct amid the collapse of the once-existing old order of a bi-polar political system and the prevalence of regional political or economic thought. As the United States and the Soviet Union can no longer completely control the international order, it is still possible for regional hegemonists, such as Iraq, to emerge in various parts of the world, adding a new variable to the transitional period after the Cold War.

### 2. Revival of Nationalism

Quite contradictorily, nationalist consciousness is beginning to revive at a time when communist totalitarian rule is crumbling. And, the focus of this revival of nationalism is the center of the world political arena—Europe.

Nationalist disturbances in Yugoslavia, Czechoslovakia, and Romania have not only resulted in regional unrest, they might also detonate nationalist time bombs in other countries. More than a few countries are facing this situation. The Soviet Union, Spain, Indonesia, Malaysia, Nigeria, South Africa, the Chinese mainland, and even Fiji in the Pacific could all be the next victims of nationalist disturbances.

### 3. The "Earth Village" Idea of Sharing Weal and Woe Is Gradually Being Accepted

Before World War II, the world was visibly divided into a strong and a weak group—the colonialists and the colonized; the latter was simply a target for the enslavement and exploitation of the former. After the war, especially after the successive independence of colonized countries in the 1960's, although this inequality was corrected, the economic gap between the rich and the poor continued to exist and has become increasingly wider. For this reason, people of insight began to call for "South-North dialogue" and "South-South dialogue". Developed nations such as the European countries and the United States also realized that if the imbalanced situation continued to exist, not only would it cause disturbances and unrest in Third World countries, but the ensuing economic and ecological unbalance, and even the possibility of floods of refugees, could not be overlooked. Therefore, another feature in the current international situation is the increasing number of common issues that all countries must be concerned about.

Under the mixed influences of the aforementioned situations, while the current general international situation shows that communism has been cast aside by all countries and their people, remnant communist forces are still stubbornly resisting. On the other hand, the possibility of regional unrest increased. The solution to this problem requires the coordinated efforts of all concerned

countries in the regions in question. At the same time, the scope of diplomatic work is no longer limited to political and military spheres; it gradually extended to economic, scientific, technological, environmental, and other spheres.

## II. The Diplomatic Situation of Our Country

After a review of the macro international environment, let us look into our present diplomatic situation (micro environment). Compared with the past, our country's current situation in the world has the following two salient features:

### 1. The economic strength of our country shows astonishing growth.

Thirty years ago, we were an "aid-recipient country" in the international community. Twenty years ago, the total amount of our foreign exchange was still too little to speak of in the world and we often had a trade deficit. Today, our foreign trade capability ranks 15th in the world. Our national income ranks 26th, and we have the largest amount of foreign exchange reserves in the world. These brilliant achievements cannot help but draw the attention and admiration of other countries. Advanced European and American countries reassessed their relations with us, while the Third World countries are eager to learn from our experience of development and to receive assistance from us.

### 2. The Chinese Communists step up their diplomatic blockade against us.

Our government never relaxed its efforts for diplomatic development while making brilliant economic and trade achievements. However, there is no denying that countries maintaining diplomatic relations with us at present are far fewer than those who have diplomatic ties with the Chinese communist regime. Moreover, even after our government adopted a new mainland policy and promulgated the "National Unification Guidelines," the Chinese communists are still taking the stance of "leniency in economic and trade affairs, but strictness in diplomacy." They are using a strategy of obstructing every step of our diplomatic efforts and boasting that they would have the "Republic of China" eliminated from the international arena. For instance, during the short period since last January, the Chinese communists asked as many as 20 countries, including Poland, Hungary, the Philippines, Malaysia, and the Soviet Union, to reaffirm that the Chinese communist regime "is the sole legitimate Chinese government, and Taiwan is part of China." Their attempt to make every effort to block us diplomatically is quite evident.

## III. Our Present Main Diplomatic Tasks in the Face of the Chinese Communists' Challenge

After a comprehensive review of the international diplomatic situation we are facing, I wish to dwell on the main tasks of our foreign affairs, as follows:

1. Consolidation of Ties with the countries that have diplomatic relations with us.

While we are striving to win over friendly countries, the Chinese communists are trying to undermine us in every way. Recently, they made ceaseless efforts to undermine our friendly relations with the Republic of Korea, South Africa, and the Vatican. In their opinion, when these three friendly countries are taken away, we will have diplomatic relations with only the remaining "small countries," which can play no important role internationally. When Taiwan is internationally isolated and forsaken and feels helpless, it will naturally be forced to come to the negotiating table.

Knowing the Chinese communists' scheme, we can see the exceptional importance of our government's efforts to consolidate our ties with those countries that have diplomatic relations with us. This is one of our major diplomatic tasks at present. But our success in diplomacy still depends mainly on the support and coordinated efforts that the whole people give to our government's policy.

2. Establishment and improvement of substantive relations with nondiplomatic allies.

Promoting and enhancing relations with countries not diplomatically allied with us is as important as seeking diplomatic allies. Strategically, the government seeks to foster semiofficial or even official ties through bilateral economic, commercial, cultural, scientific, technological, and environmental protection cooperation. We have now set up 79 representative offices in 51 countries not diplomatically linked with us. This attests to the government's successful efforts to foster substantive ties with nondiplomatic allies.

We will make the following efforts to upgrade our substantive relations with countries not diplomatically allied with us:

(1) Seeking to establish representative offices

Difficulties are inevitable in the early years of setting up representative offices in countries not maintaining diplomatic ties with us. Taking the initiative in strengthening the status and functions of such offices and in upgrading their levels of representation is necessary after bilateral relations stabilized and improved. In the past year alone, the government created representative offices in Hungary, Canada, Madagascar, Denmark, and Nigeria, as well as general offices in Vancouver and Guam. These representative offices were established in accordance with the above-mentioned principle, as will the representative office to be set up shortly in Czechoslovakia.

(2) Seeking to name representative offices in line with their functions

In naming representative offices in countries not diplomatically allied with us, the government usually cannot use the national name or other names commensurate with the functions of such offices because of communist China's opposition. It is often compelled to temporarily

use some general and vague designation, such as the Chinese Travel Agency, the Far East Trading Company, and the Far East Trade Service Center. In the past two years, the government tried to "formalize" or "unify" the names of its representative offices as part of the efforts to improve substantive relations with countries not diplomatically allied with us. Offices representing our country's interests in 10 countries not diplomatically allied with us—Fiji, Papua New Guinea, Bahrain, the United Arab Emirate, Kuwait, Libya, Madagascar, Mauritius, Nigeria, Ecuador, and Bolivia—use the name "Republic of China." Those in Singapore and 24 other countries do not use the official name "Republic of China," but they do use such designations as "Taipei Commercial Representative Office" and "Taipei Economic and Cultural Office," or names similarly unified to denote representative functions.

(3) Seeking to gain official status for our representative offices

Currently, some of our offices in foreign countries still do not have official status. Seeking such status for our representative offices is another goal of our diplomatic efforts toward countries not diplomatically allied with us. Only by gaining official status can we effectively protect the legitimate rights and interests of our country and our nationals in foreign countries.

3. Active participation in international activities and acquisition of membership in international organizations.

In addition to strengthening bilateral relations with other countries, active participation in regional and global economic, commercial, scientific, technological, and environmental protection organizations is needed to effectively protect our national interests in an international situation dominated by regionalism and the concept of a global village. However, we have thus far gained formal membership in only 10 intergovernmental organizations because of all sorts of obstacles thrown up by communist China. Expanding our membership in international organizations and strengthening our interaction with the international community constitutes another important task in our diplomatic endeavors.

Our government adopts an active and positive attitude in joining international organizations. Its approaches vary with the nature of such organizations. To play our role fully and to minimize communist China's opposition, the government will basically apply for membership in regional organizations or in international economic, commercial, scientific, technological, and cultural organizations in the short term. It will seek to join international political organizations when other countries recognize our role and status, and when our country's interests tally with those of the international community. Meanwhile, the government will try to protect our country's dignity as a state with independent sovereignty in the international community, and will work to secure our country's principal interests, as part



of one of its fundamental principles, that of seeking membership in international organizations.

The government will adopt the principle of "not shunning and not retreating" in dealing with nonintergovernmental international organizations and their activities. It will participate in such organizations and activities as extensively as possible after weighing the practical situation. Our country has thus far joined 776 international organizations in order to enhance the international community's understanding of and friendship toward it. On 1 January last year, the government formally applied for GATT membership in the name of "Taiwan-Penghu-Kinmen-Matsu Tariff Territory," and is taking steady steps in seeking the support of other countries. Regarding regional economic organizations, our country is already a member of the Pacific Basin Economic Council and in the Pacific Economic Cooperation Conference. In addition, the Asia-Pacific Economic Cooperation Conference invited our country to join it. We are gradually intensifying our efforts in this respect.

#### 4. Provision of economic assistance to foreign countries and the forging economic cooperation with them.

Besides efforts by our people, significant U.S. assistance in the early stages of our economic development and the resultant substantial benefits to our country's economic growth contributed to our respectable economic might. We should repay the international community if we have sufficient means. We can foster friendship if we use our experience in economic development to help Third World countries develop their economies. This can be achieved generally in the following ways:

##### (1) The institution of a Republic of China model for rendering assistance to foreign countries

Although our ability to offer economic assistance and our technological level still lag behind those of the advanced countries in Europe, the United States, and Japan, bread and water provided by us are more welcome than steaks to a starved man. Infrastructure-deficient Third World countries need to develop such basic industries as agriculture, fishery, and light industry before working to gradually upgrade their development efforts. This is a fundamental way to solve the problem of poverty.

Since 1961, the government actively provided technical assistance to foreign countries by sending farming, fishery, and handicraft missions to help friendly countries develop agriculture, fishery, and handicraft industries. The government currently is working to gradually upgrade its technical assistance to include light and export processing industries in keeping with the desire of local manufacturers to invest in other countries. By offering our experience in economic development, we have not only helped friendly countries achieve economic prosperity, but have also enhanced our substantive friendship with Third World countries.

##### (2) Cooperating with international foreign aid organizations

In terms of the measures to offer aid to foreign countries, in addition to offering technical assistance and loanable funds, our government should also cooperate with international foreign aid organizations so our economic aid can produce the maximum results.

Offering economic aid to foreign countries is itself a complicated task. This is because, on the one hand, we have neither good experience nor a perfect system of how to offer economic aid to foreign countries, and on the other hand, we are still not capable of offering huge amounts of economic aid to foreign countries. Therefore, we cooperate with the World Bank, the Asian Development Bank, the American Development Bank, the African Development Bank, and other international organizations so as to offer economic aid to foreign countries (such as the "Overseas Economic Cooperation and Development Foundation"); or we cooperate with the foreign aid agencies of the advanced European countries and the United States, which all have offered large amounts of aid to foreign countries, such as the U.S. Administration for International Development (USAID). By doing so we can not only use our economic aid to actually help recipient countries develop their economies, but also promote our country's international image and deepen our substantive friendship with other countries by cooperating with international foreign aid organizations.

##### (3) Humanitarian aid for international disasters

Offering relief in the case of international disaster is a humanitarian, philanthropic act as well as an important link in diplomatic work. Timely relief can often establish friendly relations between the aiding country and a recipient country. Today, our country, as a member of the international community with powerful economic strength, can and also should, actively participate in international relief activities so as to fulfill the international duty which we ought to fulfill, and to promote our international image.

Over the past year, to help friendly countries reduce their losses caused by sudden windstorms, floods, droughts, tremors, and other natural catastrophes, our government offered aid to the tune of more than US\$2.5 million to over 10 countries, including the Philippines, the Republic of Korea, Malawi, Sudan, Honduras, Costa Rica, Panama, Dominica, Peru, Chile, and Fiji, through the "Humanitarian Foundation for International Disasters," an agency established by our government. In addition, during the Persian Gulf crisis, in order to help the refugees and the countries affected by the hostilities, our government also earmarked special funds to help Jordan and Turkey, and the Kurdish refugees. Although these aids were far from adequate, all recipient countries were very grateful to our country for our generous, timely support extended to them.

#### IV. Conclusion

At a "national" work meeting on Taiwan affairs," sponsored by the Chinese communists at the end of last year,

Yang Shang-kun [Yang Shangkun] fiercely and toughly said it was necessary to resolutely obstruct other countries' setting up diplomatic relations with us and prevent our country from joining inter-governmental international organizations. Even when Chiang Tse-min [Jiang Zemin] visited Moscow last May, he still did not forget to denounce our substantive diplomatic activities in the "'Sino'-Soviet Joint Communiqué." This proves our efforts in the diplomatic sphere over the past few years indeed achieved certain results; otherwise the Chinese communist authorities would never have time and again raised a hullabaloo and condemned our substantive diplomacy.

Today, each of our diplomatic workers at his diplomatic post will continue to promote substantive diplomacy and strive for international friendship and the position due to us. We will never change our orientation because of the Chinese communists' peremptory attitude. The more difficult the work is, the more necessary our diplomatic personnel will find it to square their shoulders to accept the challenge and reach our diplomatic goal with the support of all the compatriots of our country.

#### South Korean Minister Urges Economic Cooperation

OW0208113491 Taipei CNA in English 0808 GMT  
2 Aug 91

[Text] Taipei, Aug. 2 (CNA)—South Korean finance minister said here Thursday that strengthening economic cooperation between the Republic of China [ROC] and Korea will be to their mutual advantage.

"There is ample room for Taipei and Seoul to cooperate as their economies are now complementary," Minister Li Yong-man told the 24th ministerial-level Sino-Korean Economic Cooperation Conference.

Although Taiwan and South Korea used to be strong competitors in world markets, Li said the two countries can now help each other in economic development and industrial upgrading.

Li expressed Seoul's keen interest in bidding for construction contracts included in Taiwan's multibillion-dollar 1991-1996 National Development Plan.

Speaking on the same occasion, Economic Affairs Minister Hsiao Wan-chang said he shared the Korean finance minister's view and reaffirmed Taipei's desire to further boost trade and economic cooperation with South Korea.

Hsiao also called on Korean authorities to support Taipei's bid to join the General Agreement on Tariffs and Trade and the Asia-Pacific Economic Cooperation Forum.

Technical-level trade consultations between ROC and Korean officials began Monday. Ministerial-level meetings started Thursday and will close today.

#### South Africa's Inkatha Leader Begins Visit

##### Received by Li Teng-hui

OW0208102991 Taipei CNA in English 0742 GMT  
2 Aug 91

[Text] Taipei, Aug. 2 (CNA)—President Li Teng-hui received Thursday Mangosuthu G. Buthelezi, president of the Inkatha Freedom Party (IFP) from South Africa.

Buthelezi arrived in Taipei July 30 for a week-long visit.

Premier Hao Po-tsun also met with the South African guest Thursday and said that Taiwan is willing to share its experience in economic development, especially in agriculture, through closer cooperation.

##### Presents Memo to Premier Hao

MB0208053891 Johannesburg SAPA in English  
2239 GMT 1 Aug 91

[Text] Johannesburg Aug 1 SAPA—Poverty was endemic in South Africa and only one out of 10 school-leavers had a chance of finding employment in the country's formal economy, chief minister of kwaZulu and president of the Inkatha Freedom Party [IFP], Chief Mangosuthu Buthelezi, said on Thursday [1 August].

In a memorandum presented to Mr Hao Po-tsun, premier of the Executive Yuan [branch] in Taiwan, Chief Buthelezi said in a release received in Johannesburg from Taipei that every year the remaining 90 per cent of school-leavers added to the unemployed, which stood at around 40 per cent.

"The youth have no hope. Poverty is endemic. Urbanisation is occurring at a rate of four per cent a year, with most newly-urbanised people moving to unserviced slums.

"The black population is increasing at a rate of three per cent per annum, inflating the number of unemployed people and inflating the number of people living in poverty.

"Infant mortality rates, the lack of health services, all tell us South Africa is in trouble. We have stubborn inflation. Economic growth is zero. Government spending is increasing and per capita income is decreasing."

Chief Buthelezi said basic needs were not being satisfied. Housing, education, health, water, electricity, the provision of employment, sport, social facilities—all these needed urgent attention.

"This is the Third World reality of my country and is the experience of 60 per cent of black South Africans who live below the poverty line."

He said there were other realities in South Africa. The great inequality in the allocation of resources over many years of apartheid had led to a situation where white South Africans held 80 per cent of all personal wealth in South Africa and controlled the major resources of the country despite the fact that they constituted only 13 per cent of the population.

He said two primary mechanisms had been advocated as solutions—redistribution and wealth creation. The notion of redistribution had generated impossible expectations in the minds of many black South Africans, but the IFP and its membership rejected this out of hand as this would only lead to the redistribution of poverty.

"The IFP advocates rather the redistribution of opportunity. The political objectives of the IFP reflect this need to redistribute opportunity by ensuring the means of production will be guaranteed to all.

"We argue that opportunity sufficient to satisfy rising expectations does indeed exist. We have the infrastructure necessary to create opportunity within South Africa.

"Our water and electricity supply systems, for example, are the most advanced in Africa. And we have complex transport, banking, telecommunications systems and important fiscal management skills."

Chief Buthelezi said in addition to the necessary infrastructure, South Africa had vast supplies of minerals to exploit to enable the country to create opportunity for all. And, it had the capacity to develop a strong trade and export sector.

He said the IFP argued that a short to medium term increase in opportunity, which allowed people to become participants in the economy, would substantially improve the distribution of wealth.

"We have to develop an economy which possesses optional growth potentials which emanate from a large and competitive productive economic base mostly made up of private sector activity that earns foreign income and creates jobs.

"Attention will have to fall on those sectors of the economy which can best contribute to the attainment of economic goals."

#### **Economic Group To Attend South African Meeting**

*OW0208103591 Taipei CNA in English 0744 GMT  
2 Aug 91*

[Text] Taipei, Aug. 2 (CNA)—Economic Affairs Minister Hsiao Wan-chang and a large Republic of China [ROC] delegation will leave for South Africa Sunday to attend a week-long Sino-South African Economic and Technology Cooperation Conference.

An official with the Ministry of Economic Affairs (MOEA) said that the ROC delegation will also include officials from the Ministries of Finance, Foreign Affairs,

and Transportation and Communications, the Council of Agriculture and the National Science Council.

During the conference, ROC delegates will push for an investment guarantee and a tax exemption agreement. The Taipei delegates will also ask Pretoria to consider lowering import tariffs on raw materials and semi-finished products in order to encourage Taiwan investors there. Bilateral cooperation in energy development, textiles, fishing, and the auto industry will be discussed in the meeting.

Hsiao will introduce ROC's 1991-96 National Development Plan to business and industrial leaders in South Africa to encourage them to participate in the plan, MOEA official said.

#### **Fiji Prime Minister Arrives in Taipei for Visit**

*OW0208101891 Taipei CNA in English 0740 GMT  
2 Aug 91*

[Text] Taipei, Aug. 2 (CNA)—Fiji Prime Minister Ratu Sir Kamisese Mara arrived in Taipei today for a five-day visit.

Foreign Minister Chien Fu greeted Mara at Chiang Kai-shek International Airport.

During his stay here, Mara will call on President Li Teng-hui, Premier Hao Po-tsun, Foreign Minister Chien Fu and other ranking government officials. He will also visit economic and cultural organizations in the Republic of China.

#### **Fishermen To Ask USSR To Fish Near Sakhalin**

*OW0208104491 Taipei CNA in English 0753 GMT  
2 Aug 91*

[Text] Taipei, Aug. 2 (CNA)—The Taiwan Deep Sea Squid-Fishing Association is trying to enable Taiwan squid-fishing boats to fish in the Sakhalin fishing ground of the Soviet Union, a spokesman for the association said in Kaohsiung Thursday.

Owners of 12 squid-fishing boats have applied for taking part in the fishing plan, he said.

The Taiwan fishermen plan to barter fishery products with their Soviet counterparts in Sakhalin in order to strengthen trade relations, he added.

Fishery representatives of Taiwan have approached their Soviet counterparts for consultations on fishery cooperation, but their proposal has been shelved because negotiations on a 5 million US dollar Taiwan loan for building a frozen fish storage in the Soviet Union have come to a deadlock, the spokesman added.

## Hong Kong

### Editorial on Governor Wilson, Lu Ping Meetings

HK0208004691 Hong Kong WEN WEI PO  
in Chinese 27 Jul 91 p 2

[Editorial: "Great Significance of Lu Ping's Meeting With Hong Kong Governor"]

[Text] Following the initialing of the Memorandum of Understanding between the Chinese and British Governments on construction of Hong Kong's new airport and relevant problems, the early stage work of the airport started smoothly and public bidding attracted companies from various countries. Hong Kong's popular feeling is more stable and the real estate, stock market, and import and export business present a scene of prosperity.

Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, will regularly meet Hong Kong Governor Wilson to exchange views on matters of common concern according to stipulations of the memorandum. The memorandum was issued on 4 July and the two sides held their first meeting in Shenzhen 20 days later, indicating a dynamic atmosphere of "striking while the iron is hot." This also shows the efficiency in handling matters thanks to close Sino-British cooperation and sincere implementation of the memorandum.

As Lu Ping pointed out after the meeting, the memorandum will go into effect after the official signing by the premier and prime minister of the two countries. For this reason, the purpose of the meeting is to prepare for the implementation of the memorandum and for the British prime minister's visit to China at an early date.

The date of Major's visit to China is not yet determined. The earlier the trip starts, the earlier the memorandum can be signed. This will be conducive to the construction of the airport project. The official signing of the memorandum means completion of the final legal procedure, which will ensure the interests of investors. This will be of great significance to absorbing private investment in the airport project. Thanks to the meeting and preparatory work done for the official signing, the specific date of Major's visit to China can be fixed earlier.

Apart from cooperation in the new airport project, Sino-British cooperation in international affairs will also be sought during Major's visit to China. Sino-British relations will embark on a normal track and resume to the level before 1989, characterized by harmonious cooperation, earnest consultations, frankness and sincerity, mutual benefit, and positive measures adopted to settle problems. Such good relations have in turn promoted the smooth progress of Hong Kong's transition.

Experience of the past proved that during the days of mutual understanding between China and Britain, both sides could seek common understanding and ingeniously surmount difficulties no matter what problems they encountered and efficiently work out cooperation plans.

The current once again proves this point. Lu Ping exchanged views with Wilson on the formation, date of establishment, and candidates for the Airport Committee, Airport Administration, and Airport Consultative Committee. Each side respected the views of the other. The lists of members of the Airport Committee and the Airport Consultative Committee will be announced and the two organs will start work immediately once the memorandum is signed.

By placing the Airport Committee under the Sino-British Joint Liaison Group, it will be conducive to raising efficiency, increasing tacit understanding, and paving the way for cooperation.

The Airport Consultative Committee is a consultative organization of the Hong Kong Government established to listen to the opinions of the Hong Kong people. It will play the role of pooling collective wisdom during the building of 10 key projects. Through consultations, we can reduce costs, make design more reasonable, diminish harm to the ecological environment, and attain better investment returns. Of course, consultations cannot be carried out when a project is complete. Therefore, it is necessary to establish the Airport Consultative Committee as early as possible and carry out consultations before a project has started. Thanks to consultations between Lu Ping and Wilson, we believe that distribution of the representatives from various circles in the consultative committee will be more reasonable and will further reflect public opinion.

Lu Ping's meeting with the Hong Kong governor in Shenzhen will also create a fine atmosphere for officials at all levels from both the mainland and Hong Kong to conduct exchanges on various issues, further enhancing cooperation between the two sides in all spheres. The interior will be more familiar with operation of Hong Kong's original system while Hong Kong officials will be familiar with the mainland system and ways of handling affairs. It will be advantageous for personnel transition and the practice of the one country, two systems concept because of such contacts and mutual understanding.

Lu Ping's meeting with Wilson is one of the consultation mechanisms established by the Sino-British Memorandum as 30 June 1997 is approaching. Such consultations will continue in the years ahead. Facts will prove that more consultations and cooperation will further increase the administrative authority of the British Hong Kong Government in the coming six years and boost Hong Kong's prosperity and stability. The meetings between Lu Ping and Wilson in the past resolved the airport issue; their meetings in the future will also resolve the problems pending solution during the transition period.

### Pro-PRC Paper Fires Former Beijing Bureau Head

HK0208013291 Hong Kong SOUTH CHINA  
MORNING POST in English 2 Aug 91 p 6

[By Kent Chen]



[Text] The pro-China WEN WEI PO newspaper has sacked its former Beijing bureau chief Mr Lau Yui-sui, two years after he was named by China as one of those involved in inciting the mainland student pro-democracy movement.

Mr Lau was summoned by the daily's deputy editor-in-chief, Mr Cheung Ching-wan, at 1 am on Tuesday and told his employment had been terminated with immediate affect.

He said he was told by Mr Cheung that he was sacked for failing to co-operate with the paper's management and obey its arrangements.

Mr Cheung was not available for comment last night.

But Mr Lau said he believed the explanation was only an excuse for punishing him for his report of the 1989 pro-democracy movement and his support of the paper's former director, Mr Lee Tze-chung.

"This is obviously an attempt to conceal their real intention of political persecution," he said.

He was singled out by the hard-line Beijing mayor Mr Chen Xitong for the way he reported the student-led pro-democracy movement. Since his return from Beijing he has been relegated to translation duties.

Mr Lau warned that his dismissal would set a precedent that local journalists working for China-backed publications could be sacked for political reasons.

He said the dismissal was unreasonable although the management agreed to compensate him in accordance with local labour laws.

Mr Lau said he had volunteered to do more work for the newspaper, but his offers were rejected.

The 37-year-old journalist had been with the paper for nearly 18 years, during which he has been a correspondent in Britain and was posted to Beijing in 1987 as its chief representative.

After the June 4 military crackdown, Mr Lau returned to Hong Kong only to find that his director had been removed on July 15.

Unlike other supporters of Mr Lee on the paper, Mr Lau did not resign after Mr Lee's dismissal.

Asked why he had stayed behind, Mr Lau said: "I wanted to test whether they could tolerate a dissident in their backyard. What WEN WEI PO did to me is a reflection of the political will of the NEW CHINA NEWS AGENCY here, and even the political situation in China."

Mr Lau said during the past two years, he had been under immense pressure from the management.

He said he had been told to write self-confessions on his deeds and writings during and after the pro-democracy movement.

He was also required to discuss with senior staff his problems when he finished work. The discussion would last for two hours, four times a week.

For two consecutive years, he was the only one on the paper who did not receive a pay rise, Mr Lau said.

During the period, Mr Lau jointly wrote two books about the June 4 crackdown with other local journalists.

He also plays a key role in CONTEMPORARY [TANG-TAI], a news magazine launched by Mr Lee after he left WEN WEI PO.

Recently Mr Lau started writing signed articles on China in the monthly and other publications.

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